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# Near East/North Africa Report

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30 April 1982

## NEAR EAST/NORTH AFRICA REPORT

No. 2535

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PARLIAMENTARY UNION RAPS U.S. SUPPORT OF ISRAELI AGGRESSION

Political Resolutions

Kuwait AL-SIYASAH in Arabic 2 Feb 82 p 3

[Text] Text of Political Resolutions

Regarding Arab Gulf Security

Out of the belief that the Arab Gulf is a part of the Arab nation, proceeding on the basis that preserving the Arab Gulf's security is a regional and pan-Arab necessity and that the Arab Gulf's security is part of the Arab nation's security, in affirmation of all the resolutions issued by the Gulf Cooperation Council [GCC] for the Arab Gulf's stability and for maintaining its security and safety;

In affirmation of the importance of the Arab Gulf's position and of its natural resources which make it a target for foreign rivalry and ambitions--an importance that requires that this area be kept out of the sphere of international conflicts, the [Arab Parliamentary] Union Council has decided:

1. To condemn any foreign military presence in the Gulf area, especially direct or indirect U.S. military presence, and to consider any form of such a presence a violation of the sovereignty of the Gulf area's states and of the national and pan-Arab rights of the area's peoples.
2. To reaffirm that defending the Arab Gulf's security is the concern of the area's states and their citizens only and to support every effort exerted by the Arab Gulf states to safeguard Gulf security.

Regarding Iraq-Iran War

The Arab Parliamentary Union Council renews its call for continued efforts to put an end to the Iraq-Iran war and to respond to all the international and regional efforts to put an immediate stop to the fighting and to initiate negotiations for a peaceful settlement of the problems between the two countries on the basis of nonintervention in domestic affairs, respect for the sovereignty and rights contained in the international treaties concluded between the two countries, insuring the national rights of Iraq and the pan-Arab rights of the Arab nation and withdrawal from the three occupied Arab islands and the restoration of UAE sovereignty over these islands.

Moreover, while welcoming Iraq's acceptance of the mediation efforts, the 12th Union Council urges the exertion of further efforts with Iran to end the conflict and thus avoid further bloodshed and loss of life.

**Regarding Issue of Golan Annexation**

Reaffirming the Arab nation's absolute and inalienable right to the Arab land, to sovereignty, national independence and unity and recalling the Arab summit resolutions that have underlined the need to struggle with all means to liberate the occupied Arab territories;

Recalling UN General Assembly resolution No 4133 (D-19) on the aggression and Security Council resolution No 497/1981 dated 17 December 1981, which determines that Israel's measures in the occupied Syrian Golan Heights constitute an act of aggression within the framework of the concept of Article 39 of the UN Charter;

Taking into consideration General Assembly resolution № 36-226/B and Security Council resolution 497/1981, which consider Israel's decision "to apply Israeli law to the Syrian Arab Golan Heights null and void and lacking all legal power";

Reaffirming that the occupation of territories by force is impermissible in accordance with the UN Charter and resolutions and of the principles of the international law;

**The Arab Parliamentary Union Council:**

1. Rejects completely the Israeli enemy's decision to apply Israeli law to the occupied Syrian Arab Golan Heights and considers this decision null and void and a decision posing a serious threat to world peace and security, terminating the cease-fire and flagrantly violating the UN Charter and relevant resolutions, principles of international law and human rights.
2. Considers the Geneva agreements concluded in 1949 still applicable to the Syrian Arab Golan Heights, as well as to all occupied Arab territories.
3. Expresses absolute support and backing for the government and people of the Syrian Arab Republic in defending Syria's sovereignty and the unity of its territory in the face of the Zionist policy, which is based on occupation, annexation and expansion.
4. Affirms the full right of Syria and of the Arab countries to use all means to confront the Zionist aggression, to liberate the occupied territories, to restore the Palestinian Arab people's rights and to enable them to determine their future and establish their state on their national soil under the leadership of the PLO, the sole legitimate representative of the Palestinian people.
5. Considers annexation of the Golan a flagrant aggression against the entire Arab nation and a qualitative intensification of the Zionist-imperialist scheme--an intensification going beyond Syria and the countries adjacent to Palestine and threatening the Arab existence and homeland.

6. Calls for mobilizing Arab capabilities and establishing Arab solidarity on the basis of focusing the entire Arab effort on restoring a strategic balance with the Zionist enemy and eliminating the aggression, especially in the wake of the Egyptian regime's departure from the Arab ranks as a result of the treasonous Camp David accords.

7. Condemns U.S. policy, which is hostile to the Arab nation's rights and interests and which is based on absolute support for the ceaseless Zionist aggression, denounces the strategic cooperation agreement between the United States and the Zionist entity, considers the United States a complete partner in the aggression and considers the U.S. use of the veto to prevent the Security Council from punishing the Zionist enemy a provocation against the entire Arab nation, an encouragement of the aggression and a flouting of the principles of international law and human rights.

8. Urges the Arab governments to take effective and tangible measures against the U.S. interests in the Arab area and against any other country supporting the Zionist aggression. It also urges all the Arab parliamentarians and masses to intensify the struggle to liquidate U.S. bases in the Arab area and to boycott U.S. goods. It further urges the Arab parliaments to issue the legislation and instructions needed to realize all this.

9. The council urges the Arab governments to take the following measures:

A. Withdraw Arab assets and deposits in U.S. banks and establishments operating, both in the United States and outside it.

B. Stop employment, investment and the depositing of money in the United States.

C. Stop the importation of U.S. goods and products and terminate transactions and bids with all U.S. firms and establishments.

D. Use oil as an effective force serving the pan-Arab interests of the Arab nation.

E. Parliaments to adopt the legislation and instructions needed to realize all this.

10. The council greets the friendly parliaments, peoples and governments that support the Arab right and urges all parliaments of the world to issue legislation preventing any cooperation that might lead to providing the enemy with material or moral means enabling him to continue his aggression, to expand and to defy international legitimacy.

11. The council decides to present the Golan issue to the next council of the International Parliamentary Union in Lagos as a part of the Zionist expansionist policy and to present to this council a joint memorandum in the name of the Arab parliamentary branches.

**Regarding Issue of Lebanon and the South**

Recalling the resolution-recommendation it adopted in Algiers on 8 March 1981 urging the need for an Arab plan capable of foiling the Israeli conspiratorial plot against the South and proceeding on the basis of the resolution adopted by the latest Arab summit held in Fez to form a miniature Arab League committee to formulate a comprehensive Arab strategy for South Lebanon;

Reaffirming that the issue of saving the South from occupation and of restoring stability and the Lebanese authority to it is one of the primary responsibilities of the Arab states, considering that the tragedy of the South poses a threat to the Arab destiny in its entirety;

Believing that the efforts for a unified Arab strategy for the South must emanate from the need to implement Security Council resolution No 425 and the subsequent UN resolutions;

Warning that being content with the cease-fire implemented in accordance with Security Council resolution No 490 entrenches the Zionist occupation, the direct and indirect presence of the Zionist enemy and the absence of the Lebanese state's sovereignty over its territories;

Underlining the pan-Arab fact of the unity of the Lebanese and Palestinian interest, keeping in mind that the Zionist enemy's scheme in the south is aimed against both the Lebanese and Palestinian peoples and, through them, against the entire Arab cause;

Reiterating that being content with the declaration of intentions and of principled positions is not compatible with the imminent fateful danger or with the principles of self-defense;

The Arab Parliamentary Council Union decides:

First, to ask the Arab League General Secretariat and the members of the committee entrusted with formulating a unified Arab strategy on Lebanon to complete this task on schedule.

Second, that this strategy be adopted as a mainstay to guarantee the full and complete implementation of Security Council resolution No 425 and the subsequent resolutions and that the Arab states mobilize all their forces and resources and employ them to pressure the international forces capable of implementing this resolution.

**Regarding Afro-Arab Solidarity**

Proceeding on the basis of the resolution issued by the second Arab parliamentary conference in Algiers in this regard;

Underlining the importance of Afro-Arab solidarity in this delicate phase which is being undergone by the Arab cause and in which the Zionist enemy is seeking to restore its relations with the African states;

And taking into consideration the hardships experienced by the African Arab countries as a result of their performance of their pan-Arab duty;

The Arab Parliamentary Union Council stresses:

First, the need for Afro-Arab solidarity.

Second, the need to help the Arab countries in Africa perform their pan-Arab tasks.

Third, the need for efforts to safeguard the independence of the African countries, keep them out of the international conflict and foil the endeavors of colonialism, Zionism and racism to return to them.

On Dealing With Issue of Proposed Meeting of European Parliamentary Council's Political Committee in Jerusalem

In view of the obvious resolve of the European Parliamentary Council's Political Committee to meet in Jerusalem in May 1982;

In accordance with the clarifications connected with the measures taken within the framework of the Arab Parliamentary Union--clarifications outlined by the Union's General Secretariat and by the Arab parliamentary branches--in an endeavor to have this meeting cancelled;

In view of the fact that this meeting constitutes participation on the part of the European Parliamentary Council in the Zionist enemy's aggressive expansionist scheme--a participation conflicting with the UN Charter, the international laws in force, UN Security Council and General Assembly resolutions and world public opinion, the Union Council decides:

A. To condemn any statement or action supporting the Zionist expansionist position of annexing any Palestinian or Arab territory and to consider any such statement or action, including the meeting scheduled to be held in Jerusalem by the European Parliamentary Council at the invitation of the Zionist Knesset, a position hostile to the Arab nation, its sovereignty and its national and pan-Arab rights.

B. To adopt the following measures within the framework of the Arab Parliamentary Union Council and of the Arab parliamentary branches:

1. Have the Arab parliaments consider 22 February 1982 as Jerusalem Day and exert efforts with the Islamic world parliaments to do the same.

2. Form an Arab parliamentary committee in which all of the Arab parliamentary branches are represented to hold the necessary contacts with Europe with the aim of having the Jerusalem meeting cancelled. The contacts will take place with the following:

a. The European Parliamentary Council speaker.

b. The secretary general of the European Parliamentary Council.

- c. The chairmen, general secretaries and foreign relations officers of the European parties.
  - d. the speakers of the European parliaments and the chairmen of these parliaments' foreign affairs committees.
3. Whomever it is deemed fit to contact within the framework.
- f. The Arab parliamentary branches, each in its country's capital, shall organize on Monday, 22 February 1982, meetings with the ambassadors of the European countries for the same purpose, in coordination with their ministries of foreign affairs.
  - g. Efforts are to be exerted to organize a local press campaign against the European meeting in Jerusalem.
  - h. Contacts are to be made with the parliamentary branches of the Islamic world and of the nonaligned countries so that each branch can organize the same activities in its own country.

#### Text of Parliamentary Resolutions

##### First, Developments in Dialogue With World Parliamentary Groups

The committee emphasizes the importance of dialogue with the various parliamentary groups in the world with the aim of explaining the justice of our Arab cause and of gaining support for this cause, especially for the Palestinian cause. In this respect, the committee recommends the following:

- A. Approval of the General Secretariat's plan for the dialogue, as outlined in document No 10/MJ12.
- B. Emphasizing coordination with the Arab League and making use of its experience in this sphere.
- C. Letting the General Secretariat determine the date of the Arab Parliamentary delegation's visit to Latin America in light of the contacts with the member Arab ranches and with the parliaments concerned.

##### Second, Meeting of Legislative Experts in Baghdad:

The committee underlines the provision in the Arab Parliamentary Union's charter stating that the union is concerned with developing the Arab parliaments' legislative experience and with entrenching democratic action in the Arab countries by virtue of its being the starting point for realizing the Arab man's identity. After studying at its meeting the question of the Arab legislative experts meeting in Baghdad, the committee decided to hold the meeting on 27 and 28 March 1982. The committee also urges the member parliamentary branches to participate effectively in this meeting by presenting the required studies before the end of February 1982 so that the General Secretariat may have the chance to print them and distribute them to the branches.

Third, Position Toward Council of General Secretaries of International Parliamentary Union

After deliberation, the committee approved the following proposal submitted by the General Secretariat of the Arab Parliamentary Union, namely:

Boycott the International Parliamentary Union's General Secretaries Council as long as it is headed by a Zionist and exert efforts to have fraternal and friendly parliaments observe this boycott and not respond to any statement or memorandum issued by the council as long as this Zionist is its chairman.

The committee also recommends that the General Secretariat be asked to prepare a memorandum explaining the role of this council, its effectiveness and the nature of the services it renders to the International Parliamentary Union so that a position can be determined toward this council's presence.

Fourth, Proposed Amendments to International Parliamentary Union's Constitution

The committee has studied the proposals submitted to amend the statutes of the International Parliamentary Union (Ericson Plan). After deliberation on this issue, the committee recommends that a comprehensive memorandum be prepared on the following bases:

- A. Adopting the Jordanian proposals as a basis for the memorandum.
- B. Taking into consideration all proposals received from the member branches on this issue.
- C. Presenting the memorandum to the Lagos meeting in the name of the Arab delegations.

Fifth, Arab Position Toward (Roche) Plan

The Committee recommends:

- A. That all of the member branches of the Arab Parliamentary Union decline to join the organization of Parliamentarians for an International System.
- B. That the General Secretariat contact the Arab and world parliaments to point out the danger emanating from the establishment of this organization and to persuade these parliaments not to join it, beginning these efforts in the spring session of the International Parliamentary Union Council's in Lagos.
- C. Contact the UN secretary general to point out the danger of overlapping between this organization's action and the International Parliamentary Union's action and adopt measures to eliminate such overlapping within the framework of the responsibilities of the International Parliamentary Union.

Sixth, International Parliamentary Union's Spring Meetings

After considering the proposed items on the agenda of the 130th session of the International Parliamentary Union, the committee recommends:

A. Urging the Arab parliaments to present memoranda to the political committee on the Zionist occupation of Palestine and of the Arab territories and asking the Palestinian branch to prepare an memorandum on this issue in the name of the Arab delegations.

B. Instructing the Arab delegates in the political committee of the Lagos spring meetings to raise the issue of the occupation and to prepare their speeches on this basis.

C. Drawing attention to the post of general secretary of the International Parliamentary Union which will become vacant by the end of 1982. The committee recommends that the General Secretariat discuss this issue with the member branches with utmost seriousness and that a final position be taken after deliberation in the secretariat.

#### Seventh, Responsibility of Parliamentary Branches in Conveying the Union's Resolutions and Recommendations

The Arab Parliamentary Union Council, out of its faith that the resolutions and recommendations it adopts reflect the people's will and embody their hopes and aspirations and out of its desire to give these recommendations and resolutions an impetus that insures their effectiveness and implementation and to realize the intent of paragraph E of Article 14 of the union charter. It is hoped that each parliamentary branch will present the recommendations and resolutions issued by the union at a parliamentary session in which the executive authority is represented, the people and the members, especially with the chairmen of the Arab delegations to the Lagos meetings.

D [as published] Approve the nomination of Dr Amin al-Hafiz from the Lebanese parliamentary branch to the position of chairman of the International Parliamentary Union.

In presenting its report to the esteemed council, the committee hopes it will be approved.

The council approved the Parliamentary Committee's report in the session it held the morning of Monday, 2 February 1982.

#### Financial Decisions

Kuwait AL-SIYASHA in Arabic 2 Feb 82 p 2

[Text] First, Fiscal Report for 1981

After perusing the union's 1981 fiscal report and the report of the accounts auditor for the same year;

And in view of the fact that it has become evident to the committee that some of the parliamentary branches have not paid their financial commitments, the committee recommends the following:

1. That the council approve the 1981 fiscal report of the Arab Parliamentary Union.

2. The Financial Committee recommends:

- A. That the parliamentary branches that have not paid their share of the union's budgets for the preceding years and up to 31 December 1981 be asked to fulfill their financial commitments.
- B. That the General Secretariat be urged to follow up with the parliamentary branches that have not paid their commitments so that they can fulfill them.
- C. That the union's parliamentary branches be urged to pay their financial commitments on schedule.

Second, Arab Parliamentary Union's Draft Budget for 1982

The committee recommends that the Arab Parliamentary Union's 1982 draft budget, amounting to \$381,810, including the budget allocated for the parliamentary dialogue amounting to \$95,810, be approved according to the percentages demonstrated in chart No 1, which is appended to the 1982 draft budget so that the union can carry out its activities according to the prepared plan.

Third, Construction of Union Headquarters

1. The committee recommends approval of the memorandum submitted by the General Secretariat on the estimated costs of the building, amounting to 6 million dollars, and the percentage distribution of these costs among the member branches--memorandum No 11B/MJ12.

2. During the discussions on the issue of building the headquarters, the Iraqi delegation submitted a proposal requesting that the Arab Parliamentary Union's headquarters be moved from Damascus to Tunis where the Arab League headquarters is located.

The committee studied the proposal and after perusing Articles 12, 16 and 17 of the union charter and Article 2 of the union's statutes, it found that the issue [intent] of the proposal is in violation of the provisions of the union's charter and of the union's statutes and that the subject is beyond its jurisdiction. Therefore, the committee has decided to refer the issue to the council.

In presenting its report to the council, the financial committee hopes that the proposals contained in this report will be approved.

The council approved the financial committee's report and proposals in its session on the morning of Monday, 2 February 1982.

Closing Statement

Kuwait AL-SIYASHA in Arabic 2 Feb 82 p 4

[Text] The Arab Parliamentary Union Council announced its closing statement yesterday evening at the conclusion of the meetings of its 12th session, held in Kuwait and lasting 3 days.

The statement contains a summary of the council's recommendations and resolutions and of all its other activities.

It was noted that the statement was read from a handwritten copy and that the General Secretariat was not able to print it because the final session went on for 75 minutes beyond schedule due to differences in viewpoints on some political issues.

A proposal submitted by the UAE [delegation] president to add a paragraph to the statement greeting the efforts exerted by the Egyptian people to torpedo the Camp David accords and to return to the Arab ranks and expressing hope that this will happen as soon as possible failed.

Kamil al-As'ad, the Union Council chairman, objected to the insertion of this paragraph, saying that the issue was not on the agenda in the first place and had not been discussed.

The statement notes the strong praise expressed by the delegation chairmen for Kuwait, its loyal amir, its generous people and its government and National Assembly. All the delegations have also expressed their thanks to the Kuwaiti Parliamentary Branch for the democratic climate it provided for the council, for its hospitality and warm welcome and for the arrangements and organization it insured--arrangements and organization that were difficult to achieve in the short time given to the Kuwaiti brothers.

The statement adds that the Arab parliamentarians pointed out the serious nature of the current phase and the threats it harbors to the Arab land and Arab existence.

They also called for amassing the Arab capabilities and mobilizing all Arab resources to confront the Zionist aggression, which took a serious qualitative leap last year through annexation of the Golan, the ceaseless attacks against Lebanon, the raid against the Iraqi nuclear installations, the settlement and the oppression in the occupied Arab territories, the pressure to pass the self-rule plot, the Judaization of Jerusalem, the transformation of the features of al-Aqsa Mosque, the project to open a canal linking the Dead Sea with the Mediterranean Sea, the constant threats against Syria and the Palestinian revolution and the boastful statements about expanding the enemy area to go beyond the Nile and the Euphrates--statements that reaffirm that the Zionist danger includes all of the Arab countries and that the enemy's goal is to vanquish and enslave all of the Arab countries.

The Arab parliamentarians emphasized clearly that the United States is a partner in the Zionist aggression because it supplies this aggression with money and weapons, draws up its plans for it, defends it in international circles and tries to intimidate whoever confronts it. They have also noted the escalating U.S. role aspiring to dominate the area through the Bright Star maneuvers.

The council called for establishing Arab solidarity on the basis of focusing all Arab efforts on restoring a strategic balance with the Zionist enemy.

The council has also expressed its absolute support for the Syrian Government and people in defending Syria's sovereignty and the unity of its territories and has urged the Arab governments to take tangible and effective measures against U.S. interests in the Arab area and against any state that supports the Zionist aggression. These measures include withdrawing Arab deposits and assets in the United States, terminating Arab investments and deposits there, boycotting U.S. products and adopting an Arab oil policy that serves the Arab nation's pan-Arab interests. The council also decided to present the Golan issue to the coming International Parliamentary Union Council in Lagos next April.

The closing statement also asserts that the issue of saving South Lebanon from Israeli occupation and of restoring stability to and Lebanese control over it is one of the main responsibilities of the Arab states. Relying on the recent Fez summit resolutions, the council asked the Arab League General Secretariat and the members of the committee entrusted with formulating a unified Arab strategy on Lebanon to insure actual implementation of Security Council resolution No 425 and the subsequent resolutions to complete their task on schedule.

The statement notes that all of the aggression suffered by the Arab nation at present is nothing but an extension of the primary aggression against Palestine and that Palestine is the path to liberation, solidarity and the unity of the Arabs. The Palestinian delegation underlined its absolute rejection of whatever is connected with any plan to resettle Palestinians outside Palestine, emphasizing cooperation with the brothers in Lebanon and in any other Arab country to foil any such attempt. The delegation said that Palestine is not asking for resolutions but for the start of action, especially action to stop the self-rule plot in the occupied territories, to realize the full withdrawal of the aggressive Zionist forces from all occupied Arab territories and to enable the Arab Palestinian people to exercise their right to self-determination and to establish an independent Palestinian state on their national soil under the leadership of the PLO, the sole legitimate representative of the Palestinian people.

The Arab parliamentarians also decided to revive the committee to clear the Arab atmosphere under the chairmanship of the president of the Arab Parliamentary Union Council and the membership of Muhammad Yusuf al-'Adasani, the Kuwaiti National Assembly speaker; Khalid al-Fahum, Palestinian National Council chairman; Rabih Bitat, the Algerian People's Assembly speaker; and Mahmoud Messadi, the Tunisian National Assembly speaker. This committee will begin its efforts immediately upon adoption of the measures necessary to receive it in the Arab capitals.

The union council also approved a resolution condemning the foreign military presence in the Gulf area.

Regarding the Iraq-Iran war, the council renewed its call for continuation of efforts to put an end to the Iraq-Iran war and for a [positive] response to all the international and regional efforts to put an immediate halt to the fighting and to begin negotiations for a peaceful settlement of the problems

between the two countries on the basis of nonintervention in domestic affairs, of observing the sovereignty and rights underlined in the international treaties concluded between the two countries, of guaranteeing Iraq's national rights and the Arab nation's pan-Arab rights and of withdrawing from the occupied Arab islands and restoring UAE sovereignty over them.

Moreover, while welcoming Iraq's acceptance of the mediation efforts, the council urged the exertion of further efforts with Iran so as to put an end to the conflict and avoid further bloodshed and loss of life.

The council denounced most strongly the plan of the Political Committee of the European Parliamentary Council to hold a meeting in Jerusalem next May, considering this plan a form of support for the Zionist aggression and for the crime of the annexation of Jerusalem. The council drew up a complete program for continued pressure on the European side to nullify this decision and to expose the intentions of its supporters. The council also decided that the Arab parliamentary branches should designate 22 February 1982 as Jerusalem Day, each branch following through in the capital of its country.

The council also approved a meeting of the Arab parliamentarians in Baghdad on 27 and 28 March 1982 to discuss the Arab parliamentary experiences in the sphere of organizing the relationship between legislative and executive authorities.

The council also decided to boycott the meetings of the General Secretariat Council of the International Parliamentary Union as long as this council is headed by a Zionist delegate and to exert efforts with the friendly parliaments to expand this boycott and not to respond to any statement or memorandum by the council throughout this delegate's chairmanship.

The council also drew up a program for joint Arab participation in the coming meetings of the International Parliamentary Union in Lagos. It also decided to present the issue of the Zionist occupation of the Arab territories and of annexation of the Golan to these meetings.

The council further decided to nominate Dr Amin al-Hafiz, chairman of the Foreign Relations Committee of the Lebanese Chamber of Deputies, to the position of chairman of the next session of the International Parliamentary Union.

The council decided to hold the next session of the Arab Parliamentary Union in Rabat, Morocco, in January 1983.

The council also reaffirmed its deep thanks for the concerted efforts exerted by the Kuwaiti parliamentary branch to make the council's meetings successful. The council expressed special thanks to Muhammad Yusuf al-'Adasani, the Kuwaiti National Assembly speaker, the assembly members and its administrative apparatus.

### Syrian Statement

Kuwait AL-SIYASAH in Arabic 2 Feb 82 p 3

[Text] Mahmud al-Zu'bi, speaker of the Syrian People's Assembly, has appealed to the Arab nation to stand united in the face of the schemes being implemented by the United States, in cooperation with the Israeli enemy, in the Arab area.

The Syrian People's Assembly speaker described these schemes as being aimed at liquidating the Arab presence and at putting the entire Arab area under the domination of the U.S. and Israeli grip.

This is contained in an exclusive statement made by the Syrian People's Assembly speaker to AL-SIYASAH. The speaker also said that the most important issue projected on the Arab arena is that of confronting the Zionist scheme, embodied in ceaseless aggression against the Arab nation in the form of attacks against its territories, and the U.S. role in supporting this aggression--a role that has reached the extent of actual and full participation in implementing this scheme.

In the course of his statement, the speaker asserted that the Arab nation now faces more strongly than ever before a struggle for survival against the Zionist enemy. He also asserted that annexation of the Golan is nothing but a confirmation of the expansionist Israeli policy, adding that this annexation represents a qualitative development in the phases of implementing the scheme and constitutes in principle and consequence an aggression against the entire Arab nation, considering that this aggression is no longer secret to anybody in wake of the enemy leaders' exposure of their own schemes and in the wake of exposure of the U.S. scheme, which is embodied in setting up U.S. military bases in the various countries of the area.

Al-Zu'bi added that the entire Arab area, and not just the frontline states, is threatened with Israeli attacks. The annexation of Jerusalem and the Golan and the strike against the Iraqi nuclear reactor are nothing but a prelude to the swallowing of the West Bank and Gaza Strip and the realization of Israel's dream of creating a state from the Euphrates to the Nile.

The Syrian People's Assembly speaker urged the Arab states to act in greater solidarity and to be more careful in determining the priorities of the dangers they are facing, considering that the Zionist danger poses a threat to the Arab existence. Consequently, no marginal, fringe battles should overwhelm the truth of the Arab-Israeli-U.S. conflict. It is also essential to establish an economic and military strategic balance with the Zionist enemy and to mobilize all resources to achieve this balance.

Al-Zu'bi further asserted that the Arabs must adopt decisive and practical decisions and immediate measures, instead of speeches and statements, to confront the United States, which is entrenching the Zionist enemy's foundations in the occupied Arab territories. He said: We must emphasize here the importance and vitality of confronting the U.S. scheme and of adopting practical decisions and measures that make the United States feel that its continued support for the Israeli enemy is too costly to U.S. interests in the Middle East.

Al-Zu'bi lauded the resolutions adopted by the 12th session of the Arab Parliamentary Union Council, which condemn a U.S. policy that is hostile to the Arab nation's rights and interests and is based on absolute support for the ceaseless Zionist aggression. The resolutions have, moreover, called for the withdrawal of Arab deposits and assets in the U.S. banks and establishments operating inside and outside the United States, for the termination of investments and deposits in the United States, for a halt to the importation of U.S. goods and products, for the termination of transactions and bids with U.S. firms and for the adoption of an Arab oil policy that serves the Arab nation's pan-Arab interests.

As to what is being rumored about Syria recently becoming a Soviet base in the area, the Syrian People's Assembly speaker said: There is a friendship treaty concluded between Damascus and Moscow which provides for the purchase of weapons and equipment from the Soviet Union. Moreover, the two countries, will struggle to fight Zionism and racism. Syria pays the price of the weapons with which it is supplied in hard currency. This doesn't mean that Syria has become a Soviet base in the area, considering that a number of Arab countries have concluded friendship treaties with the Soviets. The circulation of such rumors is intended to imply ultimately that Syria should not seek arms from any side whatsoever or that it should fall into the grip of U.S. imperialism and submit to Zionist domination.

Al-Zu'bi asserted: We are in a battle of confrontation and destiny and we should seek any means that enable us to stand fast, confront and achieve victory against our Zionist enemy.

Regarding the current situation on the Lebanese arena and the presence of the Arab Deterrent Forces in Lebanon, the Syrian People's Assembly speaker said: The Arab Deterrent Forces operating in Lebanon are placed at the disposal of the legitimate Lebanese authority. They entered Lebanon on decisions by the legitimate Lebanese authority and with Arab approval.

He also said that the legitimate Lebanese authority is the party that determines the fate of these forces. Originally, we entered Lebanon to prevent its partition and to safeguard the unity of its territory to protect the Palestinian revolution and to achieve a Lebanese national detente in which all the parties in the Lebanese arena participate.

#### Moroccan Statement

Kuwait AL-SIYASAH in Arabic 2 Feb 82 p 3

[Text] Ould Sidi Baba, speaker of the Moroccan Chamber of Deputies and chairman of his country's delegation to the Arab Parliamentary Union Council meetings, said that our struggle with Israel is essentially a cultural struggle with its malicious roots dating back to the Crusades. Should the Arab nation awaken from its slumber and comprehend fully the nature of its interests, it would find that it does possess the human, material and moral means enabling it to ultimately triumph. It is a grave error for any of us to imagine that the final solution is in our hands as long as we are divided, as long as the military solution is, it seems, out of the picture at present and as long as Israel exists under the protection of major powers, led by the United

States, that guarantee its military, economic and political survival. We also know that the Soviet Union, though supporting the Arabs, does not at all want the elimination of Israel from the Middle East map. But all this should do no more than make our determination stronger and firmer. If our word is united in positive stances--and let me stress this--and if we channel all our human, economic and political capabilities to build our intrinsic power and to exert constant pressure through various means in our relations with the Western world, conditions will ultimately develop in the direction to which our nation aspires in its conflict with Israel and Israel's allies. We know that the United Nations and the other international and regional organizations have so far issued hundreds of resolutions that have had no deterring effect and that have not prevented the Zionist enemy from continuing its aggression by annexing Jerusalem, destroying the Iraqi nuclear installations, bombing Beirut horribly, storming South Lebanon with its troops and agents and, finally, annexing the Golan.

The Moroccan speaker added: Our support for Iraq emanates from our faith. The brightest Arab and Islamic cultures have flourished in the soil of fraternal Iraq. The duty of Arab solidarity requires us to support this fraternal country, especially since our brothers in Iraq are defending a sacred right usurped from them through maneuvers and intrigues. We know that before the eruption of the Iraq-Iran war, the Iranian expansionist ambitions were confirmed in a new form and in acts of violence, sabotage and direct threats, all carried out with the mentality of the Middle Ages and through the instigation of sectarian jingoism. Nobody doubted at the time that the goals of the new Iranian regime were to subjugate the organization's [presumably meaning the area's] peoples to a will other than their own. This is behavior that, naturally, Islam rejects and that is not approved by international tradition and laws.

#### Kuwaiti Statement

Kuwait AL-SIYASAH in Arabic 2 Feb 82 p 4

[Text] Following is the text of the address delivered by Muhammad Yusuf al-'Adasani, speaker of the Kuwaiti National Assembly, on the conclusion of the conference:

His excellency Kamil al-As'ad,

Dear brother chairmen and members of the parliamentary branches:

With a feeling of pride, I congratulate this esteemed gathering for the success it has achieved in its meetings and for the good and responsible results contained in its resolutions, which reflect very clearly a full sense of responsibility and which express truthfully the sentiments and aspirations of the Arab peoples who are represented by their parliaments.

Some issues and resolutions have faced differences in viewpoints and sharp arguments at times. But the ultimate adoption of unanimous resolutions on these issues reflects a sound democratic approach and a sincere sense of

pan-Arab responsibility that, I hope, will become a firm and comprehensive base throughout our Arab homeland. This is because this approach toward dialogue and decisionmaking is the key to raising the concept and Arab action to a level where the word and the deed are mutually supportive. [As Published].

The chairmen of the parliamentary branches have been kind enough to thank Kuwait and the Kuwaiti parliamentary branch for the arrangements and organization pertaining to your meeting. Kuwait and the Kuwaiti parliamentary branch are proud of these sincere sentiments. But I must also acknowledge here that success would not have been achieved at this level if it had not been for the responsible and selfless cooperation that I have received from the brother chairmen and members of the parliamentary branches. You have our full thanks for all the success achieved.

Before concluding my address, I must not forget to thank brother Khalid al-Fahum for his efforts during the past year and to express the hope that we will all strengthen the confidence we have given His Excellency Kamil al-As'ad through effective cooperation that will facilitate for him the means of success.

Kuwait, under the leadership of His Highness Shaykh Jabir al-Ahmad, with its people who believe in their Arabism and abide by their responsibility and with its parliamentary branch, which represents the Kuwaiti National Assembly--the base of the free and democratic word within the framework of the national and pan-Arab responsibility--Kuwait pledges to the Arab nation to continue on the path of positive and fruitful action in order to realize Arab solidarity and prepare all the requirements of the power to confront our enemies, to liberate our Jerusalem and to proceed on the path of achieving progress and prosperity for our nation within the framework of its aspirations, values and heritage.

God is behind our purpose.

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'AL-BA'TH' INTERVIEWS POPULAR STRUGGLE FRONT CHIEF

Damascus 'AL-BA'TH' in Arabic 3 Feb 82 p 5

[Interview with Dr Samir Ghushah, secretary general of the Palestinian Popular Struggle Front, by 'Abd al-Karim Sa'd: "Credibility of the True Arab Position Should be Measured by Support of Syria's Steadfastness in Opposition to the Vicious Hostile Attack"; date and place not specified]

[Text] In one of the Palestinian revolutionary camps in Lebanon, AL-BA'TH met with Comrade Dr Samir Ghushah, secretary general of the Palestinian Popular Struggle Front, and interviewed him extensively about the reality of the Palestinian revolution and the Arab question. Comrade Ghushah began his interview with AL-BA'TH, by saying:

[Answer] Since the onset of the Palestinian revolution, it has faced a broad array of enemies, who are trying to eliminate it, in order to prevent it from achieving steps toward liberation and victory. The Palestinian revolution has been subjected, throughout the past years, to continuous attack from American and Zionist imperialism, in addition to their clients and traitors. The Palestinian revolution has stood fast. That steadfastness has been manifested by its ability to rally the popular masses around it, both inside and outside the occupied territory, the joining together within the PLO, the sole, legal representative of those masses, and rejecting any alternative leadership. Despite the campaigns of annihilation, launched by the Zionist enemy, and the fascist and isolationist forces allied with it, the steadfastness of the Palestinian revolution has been clearly evident. This steadfastness, which has been demonstrated in Lebanon, has strengthened more than just the fighting adherence to the Palestinian revolution with the Lebanese nationalist forces and Syria. This Palestinian-Lebanese-Syrian national adherence has formed the front line in resisting the reactionary, Zionist imperialist attack, represented by the Camp David conspiracy and the repeated attacks on Lebanon. There is no doubt as well that the Palestinian steadfastness is supported by and derives its strength from the Arab masses, with their nationalist and progressive forces that still stand steadfastly against the reactionary Zionist plotting, which forms a major obstacle to achieving the goals of our Arab Nation.

The Arab Fighter

The Arab fighter, who bears the Palestinian fighting identity, forms the backbone of this revolution. This Arab fighter may be, for the most part, from Palestine, but he is also from Syria, Lebanon and the other Arab countries,

rallying under its banner to fight, not only in defense of Palestine, but also to liberate Palestine and all the occupied Arab territories. Therefore, our soldier is not just a man carrying a rifle, but he is a fighter armed with an idea and a rifle, fighting to achieve national and pan-Arab goals. Accordingly, we must take great care to prepare this fighter who goes into unequal battle, in terms of weapons, with a Zionist enemy supplied with the most modern weapons and technological ways and means. Our fighter is provided with a rifle and a profound belief in his right to liberate his country, armed with his right to defend the goals of his Arab Nation. The preparation of a political and ideological structure must accompany the military preparation. Examples of the bravery and courage of this fighter are numerous, and have been demonstrated in numerous battles against Zionist attacks. They have also been manifested through his steadfastness, his unwavering spirit and his determination to continue the struggle until liberation and victory. In our view, the soldier is the basic structural unit, which if improved in political, ideological and military preparedness and qualifications, forms the solid foundation in support of our struggle. We are also trying to form a solid groundwork for raising the capabilities of this fighter, giving him increased awareness and increasing his fighting abilities through continued preparation, through various programs and numerous methods, and through cadre courses and schools, in addition to his practical pursuits and basic experiences in the school of daily life, through heroically opposing all forms of conspiracy and aggression.

#### The Origin of Palestinian Identity

The Palestinian revolution has existed for years and years in international forums. It has obtained resolutions that have produced no change in the reality of things. Despite our estimate of all the efforts expended by national and progressive parties, the Palestinian issue and the Palestinian national identity only became clearly known after the Palestinian revolution was launched, with its various groups, especially after the June 1967 war. The accomplishments and gains achieved by the PLO were the result of struggles and sacrifices made by our masses and the fighters of our revolution. This has enabled us to revive the Palestinian national identity, which imperialism and Zionism for years have attempted to eradicate. The Palestinian people's case has become a case inscribed on the agenda of every official and popular council in the world, thanks to the armed struggle and all the forms of struggle practised by the Palestinian revolution and the Palestinian masses. We believe that any diplomatic action only gains strength and effectiveness when it is supported by tangible material reality and by real forces.

In other words, diplomatic action must express the same goals for which these legal guns were aimed at the enemy, along with our profound understanding that what our goals are achieving is our armed popular struggle, along with our not reducing the complementary role that diplomatic action plays. At the same time, we stress that diplomatic action is useless if it does not rest on guns, especially with regard to our Palestinian case. The Palestinian people's long struggle has significantly proved that the Palestinian case has become a slogan raised whenever we lose the rifle and take it from the hands of the Palestinian people, whereas it becomes a revolution when the rifle is raised and continues to confront the enemies. Diplomatic action is one of the forms of the secondary struggle, connected to the main form, which is armed popular struggle.

## "Arab Solidarity" Hostile to Imperialism and Zionism

There is a disparity in the concepts and contents of the slogan of Arab solidarity. While we are fighting for Arab solidarity, on the basis of confrontation and hostility to imperialism and Zionism, and on the basis of unity of purpose, another concept of this solidarity appears, based on the principle of unifying the Arab ranks. From the revolutionary point of view, we are fighting for true Arab solidarity hostile to imperialism and Zionism, and are trying to throw all the Arab capabilities and resources into our pan-Arab battle for the unity, liberation and advancement of the Arab Nation, led by the foremost Arab issue, the Palestinian case.

## Annexation of Golan and the American Protection

The connection between imperialism and Zionism is organic. Certainly, the recent use of the American veto in the Security Council was an extension of the American imperialist position hostile to the Arab Nation, and an extension of the nature of the strategic relationship between America and Israel. We believe that the Zionist entity's decision to annex Golan was not isolated from the American position that supports, aids, arms and protects the Zionist enemy's state. American imperialism demonstrates day after day, through its successive positions, its aggressive, exploitative program aimed at our Arab Nation and designed to spread American imperialist hegemony and domination throughout our Arab Nation. Accordingly, the American veto was a slap at all those who are betting on American imperialism. The national, progressive position is to confront American imperialism and its aggressive base, represented by the Zionist enemy state, and the response is to strengthen the fighting alliances between all progressive and national Arab forces and regimes, based on expanding the Arab masses to confront all the aggressive and expansionist plots and schemes, including the aggressive conspiracy in Golan. At the same time, one should look at the credibility of the true Arab position, which is to support the steadfastness of Syria and provide all resources and assets to enable it to resist this expansionist, aggressive Zionist imperialist attack.

## The Charter, and Strengthening the Unity of the Palestinian Revolutionary Groups

The Palestinian revolution is a part of the Arab liberation movement, which for its part, confronts a reactionary, Zionist, imperialist attack. The Palestinian revolution is represented by its fighting groups, upon whom rests heavy burdens and many tasks, led by the strengthening of their Palestinian national unity, on the basis of adherence to the Palestinian national charter and the decisions of the Palestinian National Council, and adherence to the political and organizational program, adopted by the 14th session and confirmed by the 15th. At the same time, the Palestinian revolution must raise its military capabilities and escalate its armed struggle inside the occupied territory. All Palestinian fronts must bring heavier blows to bear on the Zionist enemy. It bears the burden of strengthening relations with the groups of the Arab liberation movement, led by the Lebanese National Movement and Syria, by virtue of their position in the front-line trenches in confrontation with the reactionary, Zionist enemy. These tasks that rest on the Palestinian revolution's shoulders are a part of the tasks that also burden the Arab liberation movement groups. They call out for the Arab popular movements to increase their role and effectiveness and to raise their capabilities and fighting spirit, in confronting all forces hostile to our Arab Nation. Moreover, the task of the groups of the Arab liberation movement is to find a fighting formula, which will lead to strengthening their mutual struggle on the pan-Arab level.

What the Arab liberation movement faces at this stage requires all the national, progressive forces in the Arab Nation and the world to take upon themselves as much of the responsibility as they can bear to thwart and frustrate the enemy camp, and then to achieve progressive steps toward achieving the goals of our Arab Nation.

### Strengthening the Steadfastness of Our People in the Occupied Land

The popular uprising, which has been going on for several weeks inside the occupied territory, was an important sign in the course of the Palestinian national struggle and clearly expressed the position of our masses toward all the liquidation schemes, aimed at erradicating the Palestinian national identity and continuing the Zionist usurpation and denial of our fighting people's legal rights. The popular uprising, which included several Palestinian cities, expressed the Palestinian people's position against all forms of conspiracy against our Palestinian revolution, and demonstrated the high fighting spirit that our people have, despite all forms of Zionist oppression and terror. Strengthening the steadfastness of the masses inside the occupied territory requires beginning a clear political position regarding our enemies, led by American imperialism, Zionism and reactionism, all in collusion together. Moreover, strengthening the relationships among the Arab progressive forces and regimes is one of the basic factors in strengthening the steadfastness of the masses in the occupied lands, who must be made to feel that they can rely on great forces and capabilities, which will reinforce their struggle and steadfastness. Some believe that strengthening the steadfastness inside the occupied territory can be done merely by offering limited financial assistance. We believe that this is only one of the factors and that we must achieve the factors that make the masses of our people believe that they are not alone and not isolated, but rather, form the spearhead of the progressive, pan-Arab struggle in opposing the Zionist enemy.

### Independence of the Arab Position

What gives the Palestinian decision special importance, from our point of view, comes from its not being a narrow, regional concept, but stems from what gives the Palestinian case its special nature, since it is the Arabs' central case and the focus of the struggle with the imperialist, Zionist and reactionary camp. Speaking from a pan-Arab point of departure, the Palestinian people are a part of the Arab Nation and are a spearhead in the struggle against imperialism, Zionism and reactionism. Moreover our understanding of the independence of the Palestinian decision does not stem from a narrow, closed, regional fanatical view, but from a true understanding that it is the right of the Palestinian people to have first place, with respect to their case, within the framework of the true pan-Arab position.

In other words, the independence of the Palestinian position will not permit, even to the Palestinian people themselves, or to any one of the Palestinian forces, that they take any position that is incompatible with the goals of the Arab Nation. Therefore, our understanding of the independence of the Palestinian decision stems from our understanding of the independence of the Arab decision in general. This also means that there is no narrow pan-Arab fanaticism, but rather, a mutual struggle with all the oppressed peoples, world liberation movements and the ranks of the Socialist nations in the struggle to oppose the dangers of imperialism, Zionism and reactionism. We are greatly concerned that our decision be independent, in the sense that this decision is in the service of the Palestinian people and their national goals, which pour forth in the service of the goals of our Arab Nation.

AHMAD AL-YAMANI ADDRESSES CURRENT ISSUES

Damascus SAWT FALASTIN in Arabic No 168, Jan 82 pp 18-21

[Interview with Ahmad al-Yamani, Member of the PLO Executive Committee, by SAWT FALASTIN, date and place not specified]

[Text] SAWT FALASTIN continues its series of meetings with leaders of the Palestinian Resistance movement, and presents in this edition a far-reaching and comprehensive interview with Ahmad Mahir Yamani, member of the PLO executive committee and a member of the political office of the Popular Front for the Liberation of Palestine, since the current political situation has been heating up, especially on the Palestinian level. In the interview, Abu Mahir pauses more than once to give us the facts about what is happening and the likelihood of what will happen. Despite the fact that the general political situation can be described as good, the severity of the imperialist, Zionist reactionary attack is increasing, and its intensity is escalating. Despite this, and through a practical, revolutionary perspective, brother Abu Mahir is optimistic for the future, based on his great belief in the role of the Arab masses, and especially the Palestinians, in expressing their will and achieving their goals. He has a firm belief in victory.

In his interview with SAWT FALASTIN, Abu Mahir expresses his point of view about current developments, concentrating on the schemes of final settlement, in his words, of the Camp David agreement.

He confirms that the PLO's executive committee is completing the steps which it adopted concerning the budget of the Palestinian Liberation Army, so as to broaden the PLA's fighting role against the imperialist, Zionist, reactionary attack to which the Palestine case is being subjected.

Here is the text of the interview:

[Question] The 14th anniversary of the launching of the Popular Front is passing in extremely critical and convoluted circumstances on the Palestinian, Arab and international levels. Can you give us an assessment of these circumstances?

[Answer] The Popular Front at this time each year has been accustomed to meeting with the Palestinian masses to review with them the developments that have occurred since the last time. Internally, we also find an occasion to evaluate

those programs that have been implemented, which the leadership bodies usually draw up each year. There is a process of evaluation, lesson-learning and determining the gaps, in order to enable those who draw up the programs for next year to benefit in light of the comprehensive assessment of the various programs.

On the masses level, we review with them the political situation and the developments that have occurred during the year. The political situation is analyzed and tasks for the masses set forth that they are expected to carry out during the next year.

[Question] My question relates to the political conditions and those developments. What is new this year in this area, if you please?

[Answer] This year, the basic subject around which the masses can mobilize is the schemes of the capitulationist settlement which the hostile camp is thinking up on the international level. They begin with the Zionist-American alliance, the so-called strategic alliance, and the Sinai multi-national forces, and what that means in terms of a new colonization of our Arab region, in order to consolidate the imperialist hegemony in the area. There is also a detailed posture regarding Fahd's plan, its dimensions and significance, especially after the failure of the Saudi first step, and the success of the national and progressive forces which thwarted passage of this plan at the aborted Fez conference.

The PLO, and especially Syria, followed by the other Steadfastness and Confrontation Front nations, had an effective role at the foreign ministers conference in bringing about the failure of the first step at least, with regard to submitting the plan to the Arab summit. The absence of President Hafiz al-Assad from the conference was a fundamental blow to the scheme of passing the plan and submitting it to the conference. All the forces on the Palestinian scene found a responsive note from the masses in opposing this plan. All the rank-and-file, cadres and leadership of the groups of the Resistance movement were included in this positive step to oppose the plan and are determined to continue the various forms of struggle, especially the armed struggle on behalf of restoring all the Palestinian national soil and combatting the capitulationist settlement, from whatever quarter it might come.

[Question] However, on the other side, we find that the imperialist, Zionist reactionary alliance increased the intensity of its attack, after the Fez conference, against the forces that rejected the conspiratorial settlements, especially against Syria and the Palestinian Resistance. This is to the extent that observers say that Syria has begun to pay a price for its rejection of the settlement. How do you see the dimensions of this escalating conflict, especially the attack to which Syria and the Palestinian Resistance are being subjected?

[Answer] Certainly, the failure of Saudi Arabia, and the rest of the reactionary regimes that trail in its wake, and in the wake of imperialism, were shocked by this position and their failure to obtain passage of the plan in the first go-round, this plan that is in fact aimed at the Palestinian case and the issues of the Arab masses in general. King Hassan II, at his press conference held after the conference's failure, referred to the fact that the next Arab summit conference would not be held before June 1982. This has a connection with the scheme to which the Arab reactionaries will resort to confront the regimes and forces that shared in frustrating the passage of this plan.

It is possible for us to say that the criminal operation which occurred in the al-Uzbikah quarter in Damascus, and the explosions occurring in Lebanon, are a part of the scheme of the imperialist, Zionist and reactionary forces to oppose the national, progressive forces, especially the tripartite Syrian-Lebanese-Palestinian alliance.

In this same context, the Zionist decision to announce the annexation of Golan is tantamount to implementation of the American-Zionist strategic alliance, aimed at a hot confrontation with the forces opposed to the Zionist reactionary schemes and plots. The Front's secretary general, in his telegram addressed to comrade Hafiz al-Asad, secretary general of the Arab Socialist Ba'th Party, and president of Syria, expressed the front's position and its view of the significance and dimensions of this decision that the Zionist enemy adopted, and the readiness of the front, and all the Arab masses, to respond to a call for revolutionary action in opposition to the Zionist enemy.

From our point of view, we think that nothing more than a political statement will come out of the Arab conferences, and that the best course is to arouse the masses' movement and the national, progressive forces to extend the Arab opposition to American imperialism, especially, and its interests throughout the Arab arena, as well as the client, reactionary forces connected with imperialism, and to combat the Zionist entity through various ways and from every quarter.

In our estimation, despite the imbalance of power, the movement of the masses, under the leadership of the national, progressive forces, is capable of achieving the goals of the Arab Nation, to liberate the soil and people everywhere in this great Arab Nation.

[Question] Do you think that Israel will in fact withdraw from the Sinai? What are the indicators?

[Answer] With regard to the future, there are indications that the withdrawal will be in April, if the imperialist hegemony continues over our Arab area. However, we note at times that the Zionist entity is taking some steps which might not be completely in harmony with the imperialist scheme. Regarding this matter, the Zionist enemy might behave in such a way as to prevent withdrawal from the Sinai. We could put the timing of the Golan annexation among these actions. Nevertheless, we expect that the Egyptian regime will not take any practical action with regard to this decision. Moreover, the Zionist enemy might take military action against Syria, the Lebanese National Movement and the Palestinian Resistance in the same context.

[Question] Among the tasks that you brought up was the need to achieve unity of the national, progressive forces and regimes, fighting against the conspiratorial schemes. Do you think that this task has been accomplished on the Palestinian level? If the Palestinians have done it, should we raise it up to the Arab level, in a second formula? What about the Palestinian house, is it confronting the schemes to liquidate the Palestinian case?

[Answer] It is most essential to resist this conspiratorial plan against the Palestinian case and the issues of the Arab national liberation movement. The Palestinian leadership is taking a serious posture toward this dangerous political situation. It has agreed upon a number of steps, which will enable them

to confront these schemes. The first step is complete agreement on the nature of the stage and the setting of tasks for the Palestinian Resistance Movement. These subjective circumstances for the Resistance Movement are very important in various political and military aspects. Then, consolidation of their relationship with the Lebanese National Movement, and the Lebanese masses, in addition to consolidating the fighting relationship between the Resistance Movement, the Lebanese National Movement and Syria. These three forces stand in the front lines, confronting a mutual destiny. Then comes consolidation of relations with the nations of the Pan-Arab Steadfast and Resistance Front, and the Arab masses, through developing an Arab people's conference, which is the point of departure for consolidating relations with the forces of world revolution, and especially with the countries of the Socialist bloc, led by the Soviet Union. Through the drawing up of this program and applying it, we shall find that we are capable not only of foiling these conspiratorial schemes, but also of victory in our coming battles.

[Question] I want to go back to the Palestinian camp. Is there a unified position regarding the Fez conference, and what is this position?

[Answer] Fahd's initiative has demonstrated that all the groups of the Resistance, rank-and-file, cadres and leadership, stand in one positive stance in opposition to this plan, with the exception of some voices that sounded out here and there, and which have not expressed the will of our fighting rank-and-file. The discussions that occurred at the Arab foreign ministers' conference, held in Fez, were proof of the PLO position in this context.

[Question] But there are those who say that the PLO's position was expressed by its chief. The chairman of the Executive Committee announced that he welcomed the Saudi plan and approved it with some reservations. He said: "The Palestinian National Council, which has approved the Brezhnev initiative, will approve Prince Fahd's initiative." What is your opinion of that?

[Answer] The PLO's official position is the position announced by the Executive Committee's delegation, led by the head of the Political Office, Faruq al-Qadumi (Abu al-Lutfi), which rejected article seven of the plan, calling for coexistence with the Zionist enemy, and recognition of it. We also want a re-wording of the other articles to bring them into line with the Palestinian National Charter, the resolutions of the National Council, in its various sessions, and the decisions adopted at the previous Arab summit conferences.

[Question] The call to re-word the other articles, perhaps that means approval of the content and substance, and does not mean rejection. What do you think?

[Answer] Rejection of article seven of the initiative, and re-wording the other articles, absolutely does not mean approval of the goals of the Saudi plan.

[Question] Let us move on, Abu Mahir, to the matter of autonomy in the occupied Arab territories. The Israeli and Egyptian sides have approved a program of implementing the autonomy plan, which after 3 years would be crowned by a plebiscite. Our question relates to the political circumstances, through which agreement was reached, and its connection with Israel's actions to have "civilian" rule instead of military rule in the West Bank. What are the facts of the Palestinian opposition to this plan?

[Answer] The matter of autonomy is a basic part of the Camp David accords. Al-Sadat pledged that he would be able to persuade the Palestinian people to accept autonomy, in accordance with this agreement. However, practical reality has demonstrated that the Palestinian people, and the Palestinian masses inside the occupied territory, absolutely do not accept relinquishing their historic and proven rights. They have rejected compliance with this matter and oppose it, despite all the forms of oppression that the Zionist enemy employs, whether that be detentions, the blowing up of houses, or expelling some of the national leaders. The recent popular uprising in Gaza gave the best proof the Palestinian masses' position regarding opposition to self-administrative rule. Moreover, the executions of the clients, whom the Zionist enemy thought could mobilize them to the call to this plan, are also good evidence. The assassination of Shaykh Khaznadar in Gaza previously, and the assassination of Yusuf al-Khatib later on in Ramallah, are prominent examples of our masses' rejection of these schemes, and their readiness to teach every client a lesson, so that others may learn.

[Question] It is unnatural that relations between the Liberation Army and the political leadership continue to be in dispute. It would be natural for our political leadership to be very concerned over the army's circumstances, especially its weaponry. How do you feel about this concern?

[Answer] Relations between the PLA and the political leadership have gone through several stages, since it is assumed that the army is under the orders of the political leadership. However, circumstances of the Palestinian case, the distribution of the PLA's positions, the agreements concluded previously between the PLO and the Arab states, in which PLA forces are located, have created difficulties between the political leadership and the PLA leadership. This matter, which has existed in the past between the PLA leadership and the political leadership, has been unnatural. However, recently, in view of the importance of unity of the PLA and the effective role that it plays, the Executive Committee decided that matters must be restored to their proper state and to the correct position. It has taken the first step to restore the funds allocated for the PLA located in Syria. This step ought to be followed up by other steps in order to correct this relationship and to place it on a sound foundation.

[Question] Merely as a matter of clarification, Abu Mahir, disbursement was made on the basis of the 1976 budget. We are now in 1982. I think that it is necessary to fulfill the army's needs, especially financially and militarily, in view of the many tasks it has in confronting the plot to liquidate the Palestinian case.

[Answer] The Executive Committee is in the process of studying this matter, within the framework of a group of steps that we have discussed, in order to oppose the schemes of the capitulationist settlement and the plots being woven by the enemy camp to liquidate the Palestinian case. We are studying the role that the PLA could play, with its military and human resources and capabilities, against the liquidation plots and to oppose those schemes.

[Question] Is there any additional matter you wish to bring up to conclude our interview?

[Answer] Despite all the forms of conspiracy, I have faith in our masses, in their ability to continue and their readiness to sacrifice. We believe in the inevitability of this victory. On this occasion, we want to salute our people in the occupied territory for their steadfastness in the face of the conspiratorial schemes. We pledge to them to continue the struggle to liberate all Palestinian soil. We would also like to call on the nations of the Steadfastness and Confrontation Front to stand fast against imperialism and Arab reactionism, to stand beside Syria, the Palestinian Resistance and the Lebanese National Movement, which are in the front line of confrontation against the Zionist and isolationist enemy, supported by American imperialism, especially after the scheme of confrontation has begun to be revealed by the announcement of the Golan annexation.

7005  
CSO: 4404/311

CONTRACTORS CALL FOR CREATION OF SPECIAL BANK

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 36, Mar 82 p 59

[Interview with 'Ali 'Abdallah Karimi, chairman of the board of directors of Karimi Contractors' Organization, by Muhammad 'Abd-al-Fattah Khadar; date and place not given]

[Text] A bank for the contractors' sector in Bahrain is desired. Why? In this interview, 'Ali 'Abdallah Karimi, chairman of the board of the Karimi Contracting Organization, explains why he has proposed that a contractors' bank be established. He also sheds light on some situations in the sector.

Question: Recently the country has seen international contracting companies flock to Bahrain. Was that because of the volume of contracts or because of a shortage of technical resources and experience on the part of local contractors.

Answer: I don't disagree that the hugh volume of contracts was a fundamental reason for the arrival of these international construction companies. Some of our national organizations cooperated with these companies sometimes and participated in implementation, which gave our organizations the experience necessary to carry out these operations on their own.

Nevertheless, there are large national organizations which can compete with the international companies, thereby confirming Bahraini abilities, including, for example, our organization which completed a number of large projects, headed by the "central market" in al-Manamah at a cost of more than 5 million Bahraini dinars.

There is no doubt that the encouragement and support which we receive from the government reinforces our sector's experience and ability to implement construction projects in Bahrain.

Question: Do you agree with those who say that the Bahrain-Saudi bridge will open new horizons for contractors in Bahrain in Saudi markets?

Answer: You may know that we and our brothers shared our efforts and experience with our Saudi brothers in working on Saudi construction projects in the 30's. The bridge project complements our plans, and naturally we are among its strongest enthusiasts because it opens the doors of cooperation once again in the contracting sector.

We hope that the efforts of the Saudi and Bahraini sectors will be closely connected in all fields, and I have no doubt that both the Saudi and Bahraini governments support this trend.

Question: You are among those who are calling for the establishment of a special bank for contractors. What is the status of this project, and have you studied its economic advantages?

Answer: My motive in calling for the creation of a special bank for contractors is our government's policy of unburdening the citizen. I have studied commercial bank loans and their rising interest for a long time. I found that they lead to higher prices in construction bids and consequently to higher cost construction projects and housing, and the consumer or the tenant of the housing must bear the burden of this increase. Since most tenants and consumers have limited income, this situation is incompatible with the government's attempts to support those with limited income and solve the problem of housing. Through the contractors' bank, loans could be offered with easier terms to finance building projects and relieve the housing crisis. It would improve the contractors' ability to carry out projects and would unburden the citizen.

Question: What are your expectations for the contracting sector in 1982?

Answer: There is no disagreement about the fundamental support offered by the government to all sectors, and especially to the contracting sector, in view of the complete building revival which Bahrain has witnessed. This is mirrored in positive results for the contractors' sector in 1982.

7587  
CSO: 4404/358

ISRAELI REPORTER GIVES IMPRESSION OF LEADERS, PRESS

Tel Aviv HA'ARETZ in Hebrew 26, 28 Feb 82; 1, 2 Mar

[26 Feb 82 p 14]

[Text] When Defense Minister Ari'el Sharon returned from Cairo, where he participated in discussions conducted within the framework of the joint summit committee formed by both countries, he issued reassuring statements regarding the continuation of the peace process and future relations between Israel and Egypt. Reports indicate that the Israeli minister was encouraged by the trip he made from his farm to the Hilton Ramses Hotel in Cairo via the Sinai, and from his open, personal discussions with the Egyptian delegation headed by President Mubarak. The reference here is not to the formal discussions conducted within the framework of the joint summit committee wherein protocols are drawn up which in the end find their way to the Egyptian and Israeli media. The reference is rather to the informal talks where positions, thoughts and broad strategic views are expressed--information which is not intended for the media.

A similar, interesting opportunity was granted last week in Cairo to 12 Israeli journalists, members of the chamber of writers on Arab affairs, next to the journalists union in Tel Aviv. Most members of the chamber were in the first delegation of Israeli journalists that went to Cairo in December 1977, in the context of the Cairo summit, shortly after the historic visit of the late President al-Sadat to Jerusalem. For 4 years now (formally since February 1980 with the consular exchange between the two countries), Cairo has been like a "second home" to us, including daily encounters with the Arab people and with responsible parties in the government. But the entire duration of our stay in Cairo was nothing compared to the 5 days of meetings held last week with top level officials and Egyptian public opinion makers.

Interesting changes have taken place since November 1977 in the relationship between Egyptian government officials and representatives of the Israeli media. At first the Egyptians saw the Israeli journalists as representatives of the Israeli establishment and treated them accordingly. Later, an attempt was made to court the Israelis, journalists in particular, who in Cairo were considered to be "progressive thinkers." But the writers on Arab affairs were ignored for a long time, not only due to the fact that they did not "cover" all the bilateral developments between Israel and Egypt, but also because they were considered to be "people with preconceived notions and suspicions, people with whom one could not find a common ground."

### Internal "House Cleaning"

Over the last few weeks, Cairo has apparently been rethinking the situation, and there were those who arrived at the compelling conclusion that in the final analysis writers on Arab affairs are a crucial link between the Egyptians and the Arab world on the one hand, and, via the Israeli media, Israeli public opinion on the other. It was further concluded that the idea of hosting this group in Cairo and conducting open, pointed discussions with them could only help, not hurt. This proved true in every one of the meetings held last week. The members of the Egyptian delegation immediately realized that they were talking to journalists thoroughly acquainted with the subject in question, the language and the accepted terms of background talks between government officials and Egyptian journalists, and that they could speak freely.

This set the tone for all the meetings between the Israeli journalists and Egyptian policy makers, which were usually conducted on a not for quotation or repetition basis. For our part, we explained to our partners in conversation that which preoccupied us with respect to the future relations between Egypt and Israel, the new style of the Egyptian government, the relations between Egypt and the Arab world, internal Egyptian problems and the continuation of negotiations on autonomy. It should be noted that we also managed to elicit open clarifications far beyond the standard declarations made at the time to the Egyptian media. Herein lies the special importance of this first official visit by an Israeli delegation of journalists, all of whom knew Arabic, which lent itself to a better understanding of Egypt's positions and conduct on the one hand and the Israelis' questions and queries on the other.

One fundamental, basic fact which has been known for some time but is now receiving more attention, is that Egypt today is focusing most of its efforts and resources on what is called internal "house cleaning." The economic summit conducted in Cairo last week is but one example of the preference ordering established by President Mubarak, with restoration of the Egyptian economy at the top of the list. In simple terms which the Egyptian masses can understand, the issue is one of feeding not only 44 million in 1982, but 70 million in the year 2000. This should be seen in light of the fact that since 1958 Egypt has been unable to supply its own internal food needs and today imports basic goods amounting to more than 3 billion Egyptian pounds a year. Egypt today needs 1.6 billion housing units in order to shelter not only young couples but families living in 350,000 homes for which demolition orders have already been issued. Only 4 percent of the entire area of Egypt is settled, and every year, construction expansion eats up around 600,000 feddans of agricultural land.

### Fate and the Future

The base of existing services, mainly in the Rabat-Cairo area, cannot yet support the population density. Further, the state cannot meet the costs of restoring this base. The only avenue left, given this reality, is to establish new cities and villages in development areas which are being prepared, from land reclamation and development of water resources to the laying of foundations. "There has been enough heartache in 30 years of miserable wars," says the minister of development, housing and land reclamation, Engineer Hasaballah al-Kafrawi.

From now on Egypt will turn most of its efforts to developing a new society in new areas, which cannot be accomplished until peace is a foregone, undisputed conclusion. Accelerated construction projects can be seen today in all parts of the country, together with plans for development and land reclamation in the framework of the new 5-year plan through 1987 which the government is currently formulating. Already at this stage, achievements can be noted, from the restoration of Canal towns to the construction of four new towns and the planning of four more. A plan for lending money to the masses for purposes of building housing units in new areas has also been put into effect as well as a preference ordering for imports, a reduction in the import of luxury items at the expense of basic goods and the re-examination of subsidy policies.

Development and reclamation plans are determined by the reality of the situation. Their scope would be a heavy burden even on a developed nation and all the more so on a developing nation which must, for example, provide 400,000 new positions each year for graduates of various educational institutions. All this is contingent on peace and continued stability in the area. As far as the government officials and the Arab on the street are concerned, there is no longer a need to ask whether there is peace or not. Peace is a foregone conclusion, not child's play. Minister al-Kafrawi looks forward to fruitful cooperation with Israel in all areas of his responsibility, but on equal conditions and on a contract basis. To his mind, Israel must forget the Sinai for at least 30 years and show a willingness to work together based on technology transfers, partnerships or contract work in all spheres. He offers good advice: Please respect my feelings and understand my way of thinking, and you will receive in return my full friendship and appreciation.

As previously stated, Egypt is very involved in "cleaning house." Once the basic food basket is assured, the second priority will be Egypt's participation, its "fate and future" in the Arab world--more on this in the next installment.

[28 Feb 82 p 9]

My colleagues and I, writers on Arab affairs for the Israeli media, experienced many exciting moments last week in the broadcast station of "Sawt al-Arab" (the Arab Voice) in Cairo, at the time of the news report which began and ended with a moving musical interlude. For more than 20 years we had, as part of our jobs as journalists, listened daily to this station, which on more than one occasion had stirred the Arab world and had, in the past, kindled antagonistic feelings against Israel. Behind the microphone sat a newscaster who quietly read the informative news. But from the moment we entered the studio, when the technician signalled from behind us to play the old recording of the station's opening song, "Amjad ya-Arab"--the figure of Ahmed Sa'id, former manager and leading newscaster for the Arab Voice appeared before us. Sa'id made his mark on the station and was known not only for his venomous broadcasts against Israel but also against any Arab nation whose relations with Egypt were deteriorating. The Arab Voice has always been the real voice on relations between Egypt and the Arab world. By the way, this is the same Ahmed Sa'id who worked temporarily for the Libyan propaganda machine, returned to Cairo, abandoned all political activity and today practices law--so we were told that day at the radio station.

As previously mentioned, we witnessed a quiet, informative news broadcast from the Arab Voice, telling us that relations with the Arab world today were normal, at least from Egypt's point of view.

#### Egypt and the Arab World

One might say with near certainty that Egypt's relations with the Arab world, with the exception of the "rejectionist front" countries, have never been better than they are today. If we forget for a moment the propaganda and relate to the facts, it can be stated that no real trace remains from the first Arab summit meetings held in Baghdad without Egypt, following the late President al-Sadat's peace initiative, summits which were intended to foil al-Sadat's initiatives. Even the act of breaking off diplomatic relations with Egypt has lost most of its significance. In Cairo, there are not only three active Arab embassies (Oman, Sudan and Somalia) whose countries did not suspend diplomatic relations at the time, but also embassies of all the other countries which are active at varying levels. Last week the Iraqi diplomats interviewed Egyptian candidates for senior positions at Baghdad University at the Iraqi cultural center in the al-Doki section of Cairo. And this had already been done by Saudi diplomats, Kuwaits and others. Formally, these positions are published in the Cairo press under the heading: "Department for the Protection of \_\_\_\_\_ Interests," and the blank could be Saudi, Iraqi or any other Arab nation. Actually, any knowledgeable person in Cairo knows that this is a regular part of a given country's consular activities.

It is no secret that students from various Arab countries are found each year--this year included--in the Egyptian military and police colleges. It is also no secret that around 3 million Egyptians are dispersed throughout the Arab world, from the ocean to the Gulf, and that they bring more than \$2 billion annually back to the motherland. It should be recognized that the inter-Arab decision to boycott Egyptian literature, art and entertainment was quickly proven ridiculous. Without these, the Arab reader would have to stop reading and departments of art and theater in the Arab world would have to close down. It is impossible to imagine any Arab broadcast station without Egyptian songs, plays and other art and entertainment features. The Egyptian television channel 46, which broadcasts the greatest Egyptian singers, has more work than it can handle.

When we visited there a week ago, we found that they were introducing several improvements and simultaneously completing the preparation of a new studio, twice as large, with new electronic aids.

#### The Benefits of Peace

We can continue to review the facts which shed more light on statements by Egyptian officials declaring that Egypt is an integral part of the Arab world, or, as stated by the head of the president's political bureau, Dr 'Usama al-Baz, that Egypt's "fate and future" are tied to the Arab world. At the same time we cannot ignore the theory which maintains that Egypt is not Arab at all, and has no fated, future ties with the Arab people and the Arab world. But, it should not be forgotten that adherents of this school, like (Dr Louis Ud), are a small minority in Egypt and have no representatives at all in the Egyptian government.

Also, the fact that Egypt had a bad, bitter experience with the Arab world should not be overlooked, that the late President al-Sadat expressed this clearly and candidly in his speeches over the last 4 years. The Arabs want to subjugate Egypt. They rejoice in Egypt's misfortunes and are ungrateful toward her, but even during the worst, lowest periods Egypt never closed her doors to her "Arab brothers." A high-ranking Egyptian official explained the entire subject in two words: "national obligation." In other words, as much as Egypt may be burned by the Arab world, she won't deny her national obligation toward them. This principle was expressed often by the late President al-Sadat even when lashing against one Arab government or another.

Egyptian officials want to see the Arab world return to "big sister's" bosom in the near future. This will be possible when on 26 April Egypt completes an important chapter in the "march" which began in November 1977, a move which has not only paid off but to which there has not yet been found an alternative. In other words, since November 1977 Egypt has attained impressive achievements without the Arab world, and the question posed today is: What has the Arab world succeeded to do since then without Egypt. One of the leaders of Egyptian diplomacy and foreign affairs with a simple mathematical equation: 21 (Arab nations) minus - 1 (Egypt) = (equals) zero. Some of the Arab countries, mainly those considered to be conservative or moderate, accept this equation--although they may not admit it. It is not surprising that contacts between Egypt and these Arab countries were never suspended, and more recently have increased and even become institutionalized. This is the first step toward renewing normal relations between the two sides on a formal, diplomatic level.

Egypt does not need to renew diplomatic relations with the Arab world in order to violate the peace agreement with Israel. Furthermore, officials in Cairo tell us that since November 1977 Egypt has remained firm on her stand to continue the peace process, against all the massive Arab attempts to sway her from this position. Egypt successfully proved to the Arab world that this is the only way and that there can be no return. Egyptian officials, with President Mubarak at their head, continue to reinforce this idea at every opportunity, in various contacts with Arab elements "who have been convinced of the wisdom of Egypt's path and support her view that sooner or later the Arabs will have no choice but to negotiate with Israel."

Egyptian officials believe, despite Israeli suspicions with respect to Egypt's renewed relations with the Arab world and Arab suspicions with respect to the peaceful relations between Egypt and Israel--that Egypt must find the golden path between preserving the existing, permanent peaceful relations with Israel and renewed relations with the Arab world. Egypt believes that this is the true path for continuing the overall peace process in the area, which is tied up with the negotiations on autonomy and the formulation of a "statements of principles" which will be acceptable to Jordan and the Palestinians--more on this in the third article.

[1 Mar 82 p 9]

Not far from the main synagogue in Cairo on 'Adli Street is found one of the best confectioners of Middle Eastern sweets, Syrian and Lebanese style, with a reputation throughout the Arab world. The delicacies offered by this confectioner are bought by all those who cannot go to Beirut or Damascus to taste

them in person. But the story behind these delicacies is geographic, not gastronomic: relations between the establishment's owners and Syria or Lebanon are definitely tenuous, because they are Palestinians from Nablus who have lived in Cairo for many years as temporary residents and belong to the large Palestinian population in Egypt. Their sons in time entered into mixed marriages with Egyptian women and they deal in various trade and economic enterprises. This group has recognized representation in the Egyptian government and even a publication which supported the Camp David accords and the peace agreement between Egypt and Israel. It is no secret that these people and others in the PLO, who were formerly part of this group, continue to maintain friendly relations with their colleagues in Cairo and with the Egyptian government. Recently, these ties have even been strengthened.

#### Ongoing Contacts

This is but one example of the way in which ongoing contacts between Egyptians and various factions in the PLO are made. In answer to a question I raised, one of the Egyptian officials confirmed that contact between Egypt and the PLO was never broken. Moreover, important Palestinian figures who reside in Cairo or come to visit can knock at the doors of the Egyptian government for information about the results of the talks on autonomy. One may conclude from this that Egypt never conducted negotiations on autonomy with Israel in a void, without consulting Palestinian elements. And the same is probably true for Jordan: Jordanian representatives in Cairo and Egyptian representatives in Rabat-Amon did not "give up the ghost." They work actively, although keeping a low profile, to maintain the contacts necessary between the two countries.

It thus follows that Jordan and the PLO report regularly and continuously on the progress of the negotiations on autonomy, and opinion has it that this reporting is not always made without a reply from the other side. None of what has been said above reaches the media. To the contrary: the statements made by Jordan and the PLO steadfastly repudiate the idea of autonomy.

Officials hinted that writers on Arab affairs in the Israeli media, who are responsible for "covering" the Arab world, "should also take the events behind the public declarations and statements into consideration." When I tried to press the issue and asked the Egyptian officials with whom I was speaking to provide us with details and facts to prove that there had been some change in Jordan or within the PLO on the subject of autonomy--an exchange of good intentions on their part to establish co-existence with Israel--the response I received was not convincing, other than an incidental remark to the effect that it was still too early.

It is already clear at this stage that Egyptian officials are seriously examining the possibility of conducting bilateral discussions on Egyptian soil between Israeli principals interested in so doing (who have already asked for this) and Palestinians within the PLO. "We must do everything to facilitate direct talks as a preliminary condition for finding a solution acceptable to both sides, which can only be achieved after the establishment of trust and understanding, such as that which was established between Egypt and Israel," say the seasoned, enlightened politicians with respect to the peace process.

However, that is not enough. The heads of Egypt's diplomacy, who are bound to answer the questions being asked as the Sinai withdrawal approaches on the continuation of the peace process, maintain that there is no choice but to expand the framework of the talks on autonomy. The next step would require, according to them, going beyond the framework of the bilateral (Israel-Egypt) or trilateral (Israel-Egypt-United States) talks to collective negotiations.

#### Without Forcing the Issue

In other words, there must be a breakthrough to include Palestinian residents from the West Bank and the Gaza Strip in the Egyptian delegation, or to add a Jordanian-Palestinian delegation to the talks on autonomy. At first, this participation may be indirect, and perhaps only at a later stage will direct participation be possible. The Egyptians believe that the key lies in the statement of principles which has been requested. Officials emphasize that agreement on basic principles for the framework of autonomy on the West Bank and the Gaza Strip on the part of the Palestinians and Jordanians, and tacit agreement on the formulation of a statement of principles which may later be used as an accepted basis for continued negotiations in a broader, collective framework would be important for the peace process.

Dr Mustafa Khalil who has devoted the better part of his life in the Egyptian government to the advancement of peace, maintains, even to President Mubarak, that a hurried statement of principles in the current situation may only frustrate the negotiations on autonomy. Dr. Khalil feels as in the Arab saying, "that all the i's should be dotted." He does not want to leave room for misunderstandings. The Camp David accords are the only solid, efficient and binding framework for Egypt and Israel in the continuation of the peace process. No other formulation would be an efficient solution, including the eight-point plan proposed by Saudi Arabia, which basically would place the autonomous government under UN protection, as opposed to the Camp David accords which do not call for a protectorate.

To his mind, the Camp David accords did not appoint the PLO as the representative of the Palestinians or as their sole representative, but leaves this to the residents of the West Bank and the Gaza Strip themselves. The peace agreement speaks about the establishment of a Palestinian State, according to Khalil, but at the same time fails to state that at the end of the 5-year transition period Israel will relinquish here sovereignty over the West Bank and the Gaza Strip. In his opinion, both interpretations are invalid because the agreement did not deal with the question of sovereignty, leaving it open until the after the period of transition. He feels there is no need to preempt developments because at the end of the transition period the Palestinians will find themselves tied by a close network of economic and other factors to Israel, and parallelly--to Jordan.

As a veteran in negotiations of this sort, Dr Khalil maintains that there has been no significant progress since the talks were closed in May 1980, when he served as prime minister. There are still issues which have not been discussed and for which no satisfying solution has been found. This, to him, is more important than codifying a declaration of principles. He reminds us that a committee of ministers was established on defense and one on economic affairs, but neither committee ever met or worked toward the advancement of those issues

under their purview. At the same time, other questions related to elections within the autonomy were left open, like the question of nominating candidates--questions on which some agreement may be reached. The proof: from a long list of 18 significant issues which were under dispute with respect to autonomy, conclusions were reached on 12 and only 6 remain to be resolved.

In the open discussions between the writers on Arab affairs and Egyptian officials it was possible to perceive the difficulties encountered by the Egyptian government in its attempts to tie up the loose ends and implement the withdrawal from Sinai. Even President Mubarak's upcoming visit to Israel is complicated by current exigencies: to get through 26 April in peace, to continue the peace process and talks on autonomy, and, at the same time, to reinstate normal relations with most of the Arab nations, hand in hand with normalization with Israel. More on this in the next installment.

[2 Mar 82 p 11]

One of the most open sessions held with the Israeli journalists on Arab affairs and key officials in Cairo around 2 weeks ago was with the chairman of the board of the publishing house AL-MA'ARIF and the editor-in-chief of the expensive weekly UKTUBAR, Mr Anis Mantzur. Both sides, host and guests, paused for a moment to remember the past which today seems so distant as they reviewed the fruits of their labor then and now, and reflected on the enormous change that peace between the two nations has wrought. It is clear, however, that both sides still have many complaints, objections and remarks to make about each other. These are expressed in a friendly atmosphere, around a coffee table. In the end, however, they pale in the face of the fact that peace exists. The host did not refrain from criticizing this or that aspect of Israel's conduct and listened attentively to a long list of our criticisms on Egyptian phenomena and conduct. But everyone quickly arrived at the conclusion that we could expect additional "arguments" and new complaints from both sides, which can be straightened out in the long run during the ongoing bilateral talks, even if this were difficult and tiresome. The point is that peace exists. The rest appears to be nothing but nonsense.

It is to Mr Mantzur's credit that UKTUBAR was the first Egyptian publication, and still is almost the only one, to have changed its outlook on Israel. Every week UKTUBAR prints positive information on the overall peace relations between Egypt and Israel. This change did not alter one bit the critical, political articles published by the paper on Israeli policy, and yet this in turn did not prevent factions in the opposition in Egypt and in the Arab world in general from attacking the editor-in-chief and even calling for a boycott against his publication. Today, these attacks have been forgotten and UKTUBAR continues on its way.

We raised the issue of the negative coverage and the unsympathetic attitude toward Israel created in the Egyptian media in peaceful times with every official we met in Cairo. We also pointed out that journalists and writers who were known to oppose the peace initiative, who had resided outside of Egypt for several years, expressing their position in various newspapers in the Arab world, have returned recently to Cairo and to their work as journalists.

We were told that we were exaggerating the attacks against Israel in the Egyptian press, and that in general these articles were expressions of "individual opinions." The chairman of the board of the publishing company AKHBAR AL-YAWM and its editor-in-chief, Mr Musa Sabri, pointed to the weekly supplement on Israeli affairs which appears in his paper the purpose of which, according to Sabri, is to sound out Egyptian public opinion regarding Israel.

He is considering appointing a permanent correspondent in Israel, but the candidate who was most appropriate for the job was, after sudden changes in the editorial staff, sent to Washington instead. Soon, a new weekly called WORLD NEWS will be published and will include broad coverage of Israeli affairs.

#### Keeping Up With One's Expectations

In a long conversation with the minister of education, Dr Mustafa Kamal Hilmi and other heads from his office, we asked for first hand information on the changes that peace would make in the various school curricula. According to the minister, the current curricula on this issue are true representations of the existing situation. In other words, the peace agreement has already been integrated into lesson plans and text books scheduled for publication at the beginning of the next school year will include details of the completed Israeli withdrawal from Sinai. We even received answers to complaints, objections and questions on other issues, although the response were not always satisfying. In my conversations with the head of the Egyptian information network, Mr Muhammed Haki, a brilliant figure and a former journalist, we agreed that an invitation to Cairo should include a meeting with President Husni Mubarak. But the president's visit--during the week we were in Cairo--to the Sultanate of Oman apparently interfered with the scheduled meeting. However, it was agreed again, at our hosts' initiative, that the meeting would take place in the near future. We're still waiting for an answer from Cairo. There is no doubt that an open talk with President Mubarak would complete the picture.

However, until such time as the proposed meeting takes place, a comment heard in Cairo can serve as an interim summary: "The time has come for Israelis to separate the peaceful relations tied in with the end of war and the existence of normal relations between neighbors from the differences of opinions and sometimes the political antagonism between the two countries. These latter will continue until the establishment of total peace." I believe that it is important to see these things as realities which need not be dragged down with emotionalism and expectations which often cause disappointment. Various issues with respect to normalization as set forth in written agreements have not been implemented to date, and it is doubtful if they will be implemented quickly or in the way we would like.

The examples are many: Israeli products have not yet penetrated the Egyptian market, partly due to Egypt's economic ties with the Arab world or the potential for renewing these ties. The Egyptian national airline, "Air Egypt," will not maintain a line between Cairo and Tel Aviv and will not even agree to hook its ground equipment at Cairo airport up to El-Al or Nefertiti planes, as long as Egypt's planes are still landing at Arab airports--which they will continue to do for many years to come. The "Adfina" company, or any other public corporation producing mango juice, which Israeli tourists to Egypt love, refuses to

ship its products to Israel or to establish ties with Israel as long as they are marketing most of their output to Saudi Arabia and the Persian Gulf countries. This trade, too, will continue for some time. Associations of lawyers, journalists and doctors as well as labor unions will not move from their decision to avoid relations with Israel as long as they are members of inter-Arab associations, and they will continue to maintain these memberships. Hordes of Egyptian tourists will not "flood" Israel after 26 April, even if the Egyptian government does allow an Israeli entry stamp on regular passports and even if the Israeli tourist bureau does offer reduced rate packages. In this regard, Mr Musa Sabri says that he himself has not visited all of Egypt, including Luxor, the southern-most tourist resort.

In the last few weeks we have witnessed a flood of exchanges--delegations, committees and representatives of all kinds--between the two countries. If someone thought that this flood would be the norm from now on--they were mistaken. It would also be a mistake to think that it would be possible to have the kind of normal relations with Egypt that we might like given the signing of agreements and treaties. It will be possible in the future, with initiatives from both sides, only if the Egyptian-Israeli peace agreement is expanded to include additional Arab factions. This we must understand, and the sooner the better.

In the second article of this series we said that according to Egyptian officials, Egypt was looking for the golden path between continued peaceful relations with Israel and the return of normal relations with the Arab world. This has a certain significance, the scope of which is difficult to determine at this stage. Even if we hope for the possibility that Egypt will use her good relations with Israel and the other Arab nations to expand the circle of peace, we cannot forget the compelling significance this implies from Egypt's point of view. It appears that the first expression of this is to be found in President Mubarak's proposed visit to Israel. Similarly, it should be remembered that Egypt refrained from voting on the Syrian motion in the UN to impose sanctions on Israel, this as opposed to the way the rest of the Arab countries voted.

Clearly, we can expect other trying tests, which will make the issue of President Mubarak's visit to Israel seem marginal. But, on the whole and in the long run, these trials do not have to become a source of tension, as long as there is no doubt that peace exists and Egypt will remain outside the circle of war.

9811  
CSO: 4423/121

TAX EVASION BY MILLIONAIRES EXPOSED

Cairo AL-AHRAR in Arabic 22 Feb 82 p 1

[Article by Layla 'Abd-al-Salam: "923 Millionaires Who Evaded Taxes Placed on a List"]

[Text] The Tax Administration has prepared a report about investors who have totally or partially evaded payment of their taxes.

The number of these millionaires amounts to 923. Among them are 108 millionaires in the public investments sector; 57 in the banking field; 107 in tourism; 53 in housing; 16 in transportation; 19 in health and private hospitals; 93 in the contracting business; 22 in engineering, legal and accounting offices; 26 in the services sector; 43 in textiles; 67 in foods and carbonated beverages; 97 in the chemical sector, which includes printing and dyeing; 13 in lumber; 51 in engineering projects; 48 in construction and thermal materials; 28 in the mineral industries; 5 in the mining sector; and 9 in the pharmaceutical sector.

Among those tax evaders who are mentioned by name in the report are the owner of a light fixtures factory whose capital amounts to 30 million pounds; an agent for Japanese cars whose capital is 20 million pounds; an agent for American cars whose capital is 50 million pounds; an agent for French cars and the owner of a car showroom who was acquitted in a law suit of smuggling cars from customs; a well-known grocer in al-Jizah; the grocer's son who has an agency for Japanese cars; the owner of an electrical appliances showroom in Cairo and Port Said whose capital is 15 million pounds; the husband of one of Egypt's former rulers who works in the area of exporting and importing; a major dealer in scrap iron in Wikalah al-Balah whose capital is 50 million pounds; an agent for Japanese televisions; a native of Upper Egypt who is an investor in projects on the northern coast [of Egypt]; three proprietors of shoe factories and showrooms; a major importer of baby formula and cigarettes; a number of people who own confectioners' and food stores in downtown Cairo--some of them are not Egyptian citizens; the owner of a textiles mill in al-Mahallah al-Kubra whose capital is 20 million pounds; the owner of a food store who recently purchased a food store in downtown Cairo; three owners of hotels in downtown Cairo; the owner of a poultry farm who committed several violations for which he was taken to court; the owner of another poultry farm who became known for producing eggs; the female owner of a restaurant that serves popular meals at exorbitant prices;

the owner of a restaurant that specializes in shish kebab in the neighborhood of al-Husayn; and the owner of a store that sells spare parts for cars whose daily sales amount to a total of 20,000 pounds.

The report stated that throughout the entire past period most of these millionaires estimated their profits to be less than 2,000 pounds a year so as to benefit from the tax exemption. The report cited the example of one of those millionaires who works in the contracting sector with a capital of over 18 million pounds. His taxes were figured on the basis of the fact that his net profit every year was 1,500 pounds, and he was exempted from paying taxes. When he was recently exposed and turned over to the socialist public prosecutor, he voluntarily paid 6 million pounds in taxes due on his commercial profits during the period he was evading tax payments.

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CSO: 4504/237

STUDY ON PORT SA'ID, FREE ZONES

Cairo MAYU in Arabic No 53, 1 Feb 82 pp 10-11

[Article by Muhammad Salim, Nasr al-Qufas, and Sayyid 'Ali: "MAYU Opens Up the Dossier Concerning the Free Zones"]

[Text] Customs Is Responsible Concerning Smuggling, and Its Excuses Cannot Be Accepted.

The Decision to Establish the Free City Was 100 Percent Sound.

Port Sa'id Has Begun to Be Oriented Toward Industrialization, In spite of the Difficulties [This Entails].

Smuggling Existed Before the Free City.

The Minister of Supply: "The Free City Is an Unprecedented Innovation."

The Study Made by the National Specializing Councils:

Proposals for Guidance and Control of the Free City in Port Sa'id

The circle of the dialogue concerning the free city project in Port Sa'id has widened. Both responsible authorities and experts have taken part in this dialogue and contributed their opinions. The National Specializing Councils have submitted to us a valuable and comprehensive study concerning the free zones in general and the free city in Port Sa'id in particular.

One basic fact has emerged from all of these various opinions and views. It is the fact that most parties desire to continue the free city experiment and do not want to give it up. At the same time, they emphasize the need to develop, guide, and control the experiment, and the necessity to furnish a number of proposals for how to develop, guide, and control the experiment.

This dialogue has also clearly shown that the principal reason for most of the mistakes made in connection with, and negative features of, the free city project was the fact that the project was established in a hurry and without sufficient study. This confirms to us the importance of the studies and discussions which are now going on concerning this vital project.

What are the objectives and benefits expected to be achieved by establishing the free city in Port Sa'id?

The answer to this question came in a study prepared by the National Specializing Councils concerning the free zones experiment in Egypt and the free city in Port Sa'id in particular.

The study says that the experiment was lacking in the necessary human components and appropriate material resources. It also says that the concepts and precepts concerning the experiment are still in need of clairification and that the implementation [of these concepts and precepts] should once again be reviewed.

Originally the objective of the experiment was to interest investors in establishing productive enterprises, stimulate export industries and auxiliary industries outside the free zone, transfer modern technology, train Egyptian workers, create new employment opportunities for these workers, and to get foreign capital and investment to participate in the local projects being established outside the free zones.

The free zone is divided into three areas. The first one is located in the customs area, and is especially for refrigerators. The second one is located outside the customs area, and is especially for storage. The third one is especially for [products of] light industries. The total area of these three subzones is about 1 million square meters, and 44,200 square meters of this area is currently being repaired.

#### Beginning of the Experiment

Since the study was a complete one, it went back to the beginning and mentioned that Port Sa'id, until the fifties, was an important storage place for supplying ships which carried goods and commodities. In the past, transit trade was the chief activity in the port area of Port Sa'id. Transforming Port Sa'id into a free city is no new experiment. Republican Decree Number 471 of 1965 concerned the free zone in Port Sa'id, but the decree was not destined to remain in effect for long. The decree was abolished in 1966 in accordance with Article 2 of Law 51. Then the Suez Canal was closed because of the June War of 1967. All activity connected with the free zone then came to a halt. But in 1974 Law Number 43 was promulgated concerning the regulation of Arab and foreign capital investment and the free zones. Under this law the national free zone in Port Sa'id was established. However, application [of the law] demonstrated that it had deficiencies, and this led to the introduction of many modifications [to the law] in June of 1977.

#### The Free City Is Not Ready for Operation!!

Concerning the free city experiment, the study says that its public facilities and utilities have not yet been completed and that it is not possible to consider it to be a free zone ready for operation!! The experiment in Port Sa'id is confronted with difficulties. The most important of these difficulties is the fact that 1 million Egyptian pounds were allocated from the General Investment Authority's budget to be spent on getting the free city ready, but only 400,000 Egyptian pounds of this amount were spent for this purpose. The

remainder of the money was spent for purposes not connected with the free city. In addition to this, the free city lighting system has not begun to be set up, and contracting companies have delayed putting in the sewage and drainage system. In general, one could say that the basic facilities and utilities in the free zone are not ready--and this is especially true with regard to roads, lighting, and sewage and drainage.

#### Severe Housing Crisis

The study also explains that the National Free Zone Administration has assumed the responsibility for constructing villas for investors. This would [normally] mean that apartment houses set up by the governorate for this purpose are unnecessary. However, the city is still suffering from a severe housing crisis. A total of only 9,000 housing units were handed over to occupants during the period from 1 January 1975 till the end of 1978.

#### The Smuggling Problem Is the Experiment's Most Serious Problem

As the study says, from the very first moment of the implementation of the decision to transform Port Sa'id into a free city, it was necessary for the responsible agencies and bureaus to set up several customs inspection areas in appropriate locations in the city in order to achieve effective control and inspection concerning the foreign commodities which are brought into the country so that they would not be smuggled in without the appropriate customs duties being paid on them. For this reason, the existence of the phenomenon of smuggling has given rise to a lot of criticism concerning the experiment. But the customs authorities have offered their explanations for their lack of success in eliminating smuggling, and the most important of these explanations are the following:

The existence of numerous avenues for smuggling--a fact which has led to the formation of organized smuggling gangs; the lack of capability on the part of the present customs inspection areas to execute the customs procedures; the fact that customs inspection points have not been set up east of the [Suez] Canal; and the lack of thorough inspection concerning some small commodities such as watches, eyeglasses, cigarette lighters, gold leaf, etc., and items such as inner tubes which can be exchanged in the city.

The study also warns that the smuggling problem is serious enough to threaten the experiment and could divert it from pursuing its objectives. This is particularly true since it is not possible to accurately and definitely determine the scope of the smuggling because of the lack of verified statistics and figures and because of the impossibility of determining the quantities of the commodities which have been utilized in the construction work done inside the city. However, it is true that the smuggling has noticeably decreased lately.

#### Proposals for Putting an End to Smuggling

The most important proposals, as suggested by the study made by the National Specializing Councils, are the following: taking appropriate measures to

combat smuggling through the customs inspection areas in cooperation with the security apparatuses of the ports, Customs Administration, armed forces, and Frontier Crops; exempting [Egyptian] citizens from customs duties up to 30 Egyptian pounds, that is, giving those who are leaving the city the same treatment received by those travellers coming from abroad; putting customs fees on some goods and commodities coming into the city, with the amount being determined in accordance with criteria which bear in mind the interests of the Egyptian economy; revising current customs tariffs paid on [certain] commodities and materials so that they will serve to protect national industries; issuing a law which allows the government to pursue and track down smuggled goods--and in the opinion of some people this is more in conformity with the general principle decided upon for the free zones [concerning bringing in items] for personal use than payment of taxes and fees due--and imposing uniform customs duties.

#### The Ministry of Finance Objects!!

The study confirms the fact that these proposals did not enjoy total approval or support. For example, the proposal concerning giving the same treatment to people leaving Port Sa'id to places inside the country as to travellers returning from abroad and exempting them from customs duties up to 30 Egyptian pounds [did not meet with approval]. The Ministry of Finance objected to this proposal on the grounds that the exemption granted to those returning from abroad was granted in view of the fact that they were people travelling outside the country and that they would be bringing in insignificant gifts worth up to 40 Egyptian pounds. [The Ministry of Finance said that] exempting people leaving Port Sa'id [of these customs fees] would lead to a great increase in the commerce of consumer goods, limitation of production activity, and would serve to create a more consumer-goods-oriented society. [The Ministry of Finance also said] that an average of 40,000 persons leave Port Sa'id every day, the value of their goods exempted from customs duties would total 800,000 Egyptian pounds per day, and thus the public treasury would lose, every year, an amount of money totalling between 150 and 200 million Egyptian pounds.

As for the proposal dealing with uniform customs duties on all items cleared, while accompanied by the visitors, through the customs inspection areas in Port Sa'id's free city, [the Ministry of Finance feels that] although this would certainly lead to saving a great deal of time and facilitating procedures, it nevertheless would be unjust.

As for the other proposals dealing with putting restrictions on imports, [the Ministry of Finance feels] that they are at variance with the concept of a free zone.

#### So That the Experiment Gets a Fair Chance

The study says that people who emphasize the fact that Port Sa'id has been transformed into a center of commerce of exclusively consumer goods are concealing another fact--that of the achievements attained in building up the city and making it one of the most advanced cities in Egypt. [The study says

that] on the basis of this the noticeable increase in commerce dealing with consumer goods is merely a non-essential temporary factor. [The study says that] this commerce in consumer goods will once again assume its normal volume when other economic activities connected with production projects take hold. [The study adds that] careful inspection of foreign goods which are brought into the country, so that there is no smuggling in of goods on which the appropriate customs fees are not paid, is primarily and directly the responsibility of the Customs Administration.

The study says that the Customs Administration is responsible for this, and does not accept its excuses which it offers for the lack of thorough customs inspection, [and the study says] that this should not have continued for so many years without the taking of appropriate measures to deal with it.

#### Has the Free City Not Achieved Its Objectives?

The study concludes by saying that the experiment so far has not attained all of the objectives hoped for when it was established, especially in the area of creation of modern export industries and the transfer of modern technology. In fact, [the study says that] the experiment has resulted in some harmful economic and social effects such as smuggled goods competing with national products, the labor force needed for areas of production instead engaging in doing business with consumer goods, the spreading of this type of commerce which is monopolized by a small group of people who are benefiting from it at the expense of the national economy, and the decrease in revenues collected by the government from customs fees as a result of smuggling.

In conclusion, the study recommends that the free zone experiment in Port Sa'id be continued, but that it be controlled and guided. The study also recommends that a study be made of various types of cooperation and competition--and the possibilities thereof--between the free zone in Port Sa'id and the free zones to be established in Cairo, Alexandria, Marsa Matruh, Isma'iliyah, and Suez, so that there will be sufficient justification for establishing the new free zones. [The study also recommends that] in the case of the new free zones that are actually established, improvements and changes be made, if necessary, in order to avoid the mistakes made by the Port Sa'id experiment.

[The study also says that] exercising close surveillance over smuggling through the customs inspection areas at Port Sa'id would lead to a considerable decrease in commercial activity involving consumer goods in the city of Port Sa'id itself. [The study goes on to say that] for this reason industrial projects should be quickly established alongside the other economic projects which have demonstrated their economic feasibility, whether the projects belong to the public sector, the private sector, or the mixed sector, and that the goods produced by these enterprises should be for export. [The study concludes that] in this manner those people who are now active in smuggling and trading in consumer goods would, instead, become active in the field of industry and export.

### What Do the Supporters and Opponents [of the Free City] Say?

The authorities and experts have a wide range of opinions concerning the free city in Port Sa'id. Some of them very enthusiastically support the project, and others just as enthusiastically are opposed to it as emphasize its negative features.

The leaders of those who are in opposition to the project are Ahmad Nuh, the minister of supply, who says that the free city is an unprecedented innovation in the world, and 'Izzat Ghaydan, chairman of the Administrative Board of the Chambers of Commerce, who has chosen to join Ahman Nuh in the ranks of those opposed to the free city. But there are a number of responsible officials and experts who are enthusiastically in favor of the project. They calmly explain the positive features of the free city and assure us that whatever is said concerning its negative features is exaggerated and that the city has actually begun to be oriented toward fruitful production projects. They say that this is something which is unknown to those who are in opposition to the free city and who talk in terms of outdated facts and figures. Ahmad Nuy, the minister of supply, says: "Port Sa'id as a free city is something which can be considered unprecedented. There is no such thing in the world as a city which is called a 'free city.' Let me ask why it is that we prohibit the importing of clothes and, in case they are imported, we raise the customs duties on them to where they are 165 percent, and in the final analysis we find that most of the shops are full of these clothes items? Naturally these clothes items have been smuggled through Port Sa'id, and no one is able to stop these goods from being smuggled from inside Port Sa'id to places outside Port Sa'id." Mr Nuh adds: "The problem of having Port Sa'id be a free city has caused us to have an 'economic weak spot,' the most serious feature of which is the rise in the price of the dollar as a direct result of smuggling operations. For this reason I suggest that the public sector come in as an importer so that there will be competition, so that the market there will be opened up, and so that we can attempt to have it be paralleled by a local market." 'Izzat Ghaydan, chairman of the Administrative Board of the Chambers of Commerce, says: "The negative feature of free zones and cities such as Port Sa'id is the fact that they only deal in consumer goods. In case these consumer goods accumulate and there is no demand for them, they are put in storage and gradually we find that the entire activity of the free city is restricted merely to putting these goods in storage."

"Furthermore, the quantities of goods and commodities which are imported into the city of Port Sa'id are greatly in excess of the needs of the people in the city. This is why there are so many smuggling operations going on and why the state treasury is not receiving the customs revenues on these goods that it should be receiving. These smuggled goods create and represent a type of unfair competition vis-a-vis Egyptian goods and commodities because of the difference in their prices."

Mr Ghaydan goes on to say: "There is another problem faced by Egyptian merchants. The Port Sa'id system allows non-Egyptians to obtain import licenses and import foreign goods and commodities to be sold in the Egyptian market. This is something which it is not possible for Egyptian merchants

to do since they have to pay customs fees [on such imported goods] amounting to 250 percent. This is why we demand a complete listing and review of the goods consumed in Port Sa'id as compared to what the needs of the city actually are--in order to put an end to the smuggling operations." "For this reason it is necessary, especially after the experiment has already existed for 5 years, that the activities of the city of Port Sa'id be oriented toward industrialization operations and production rather than merely toward storage of goods for local consumption. Furthermore, we need to have a strong apparatus which will keep track of and supervise customs operations inside and outside Port Sa'id in order to track down the smuggled goods which have been glutting the Egyptian market."

"We should beware of what some people say about one of the objectives of the free city being to keep some of the goods in storage so that the government will not have to pay these storage costs--which sometimes are as high as \$4 billion--and that it is enough for the government to shoulder the burden of paying subsidies on the goods. This might be a true statement if the inspection of the goods in storage were complete and effective. However, smuggling operations have done a great deal of harm to the free city's idea of achieving its objectives of development and aiding the government in its orientation toward production and providing subsidies."

#### Covering Up Mistakes

Dr Tahir Mursi 'Atiyah, chief of the Canal Consultant Center and instructor in the College of Commerce in Port Sa'id, says: "The free city experiment in Port Sa'id is more than merely exempting the cars of the citizens of the city from customs duties. It is not, as the head of the Labor Party claims, [a matter of] a few cars for the city's wealthy people who frequent the places of entertainment on Haram Street. It is not the huge number of fans in Port Sa'id who go to see [the soccer team of] the Egyptian Club and fill the stands in order to cheer for that team--and some people see this as an indication of wealth. And it is not the allegations of officials in the public sector who are searching for a way to cover up their mismanagement mistakes which have resulted in this enormous amount of stagnant inventory. We should be ashamed of slandering everything about our town that is beautiful. The issue is far more fundamental than this. It is not an issue of the free zones or of Port Sa'id. Rather it is an issue of our entire national economy."

"Let us say first of all that capital is a cowardly thing and that capital's mood is affected by any signs of economic stability. As soon as there was a debate concerning the free zone and the free city, some investors began to either withdraw their capital or put it back under their mattresses."

"Let us ask whether or not we have truly given the free city and free zones in our country what they need in terms of utilities, facilities, means of communication and transportation, and laws free of bureaucracy in order for us to [rightfully] commence to call them to account for their actions. The free zone in Isma'iliyah is still barren ground, its utilities and facilities have not been completed, and not even its fence has been finished. Today's

investors in Port Sa'id were nearly ready to use carrier pigeons--at a time when we are at the threshold of the twenty-first century--because of the lack of telephones and telexes. But even the use of carrier pigeons requires permits and approvals. Perhaps it also requires an approval and an official theological ruling [fatwa] from al-Azhar."

"Those who support or are opposed to the experiment are all basing their opinions on the Central Accounting Office's report which came out in 1979. However, the situation is now different from that reflected in this report. Let us now discuss some of the aspects of this issue and the questions brought up concerning it."

"1. The trend of the free zones toward concentrating on storage enterprises. Those opposed [to the free zones] are against storage activity and feel that it is a serious defect. The fact is that this storage activity was one of the basic objectives of establishing the free zones. This inventory is reexported to foreign countries, thereby earning great profits for the country, or else it is reexported to places inside the country in order to meet the need for certain types of goods in the country's market. Furthermore, this inventory actually represents a strategic reserve for the country. Storage activity is the natural result of the unusual location occupied by Port Sa'id at the crossroads of three continents at the northern end of the Suez Canal. Also, let us ask what harm there is in reexporting some of the inventory to places inside the country? Does this not occur in accordance with the import laws which are in effect? Is it not true that the required customs fees are paid on these goods? It was only natural that businessmen would begin with storage enterprises since such enterprises do not require costly facilities or buildings--at a time when the experiment was just getting started and the free zones had no facilities. It was only natural that some of these enterprises, upon completion of the facilities and utilities, would be transformed into industrial projects--and this is what is happening right now.

"2. Smuggling. Let us begin discussing this issue by asking whether or not the smuggling is due to the existence of the free zones or to the mismanagement of the free zones. Is it reasonable for us to think about closing down roads and prohibiting automobiles simply because some of these automobiles get into accidents? Is it not true that there was smuggling before there were free zones? Is it not true that there is smuggling today at Cairo airport?"

"3. Industrialization. Some people criticize the experiment on the basis that it has not managed to attract sufficient amounts of Egyptian, [non-Egyptian] Arab, and foreign capital to be invested in industrial projects. Let us hasten to say that this is not entirely true. In Port Sa'id alone 25 industrial projects have been set up, which required an investment outlay of \$65 million. They have created employment opportunities for 3,055 Egyptian workers who earn annual wages totalling approximately 4 million Egyptian pounds. All of this took place in spite of the fact that the free zone in Port Sa'id suffers from a lack of facilities and utilities, from bureaucracy, and from conflicting daily economic decisions. Just imagine what it would have been possible to do with this capital if there had not been these negative features.

How many people know that it takes an investor about a year to get approval for his project? How many people know that an investor, during that year's period of time, has to pay visits to the Industrialization Organization, the Investment Authority, and a number of government offices in order to obtain approval for his project? How many people know that we treat investors as if they were criminals just because they are thinking about investing their money in Egypt, or that we treat them as if they were idle individuals who have come to Egypt in order to be entertained and enjoy the warm sunshine here?"

"Now let us ask what wisdom there is in making it a condition that the enterprises of the free zones export their goods, in spite of the fact that we go and import, from other countries, goods which are similar to those produced by these plants? Can any reasonable person provide me with a justification for this? I could understand and support this if the goods produced by these plants were similar to goods produced by local plants [in Egypt, but outside the free zone] if what these local plants produced were enough to cover the needs of the market. Otherwise, what we are dealing with here is a very strange situation which is unique and constitutes a barrier."

Dr Samir Tawbar, professor of economics at the University of al-Zaqaziq and advisor to the deputy prime minister for economic affairs, says: "The idea of establishing the free zones arose due to the fact that foreign investors were complaining about how long it took to complete the procedures of clearing the materials and machinery which they were importing. In their opinion, the trouble that they were having to go through resulted in harmful effects which outweighed the advantages which they were obtaining by utilizing Egyptian human resources and other resources which were inexpensive."

"It was on this basis that the free zones represented an appropriate formula. The investors could operate within a zone which would not be subject to local regulations, procedures, and laws. But at the same time it would be a zone which would have local resources available. This would enable the investors to utilize local resources without running up against any barriers or obstacles, and at the same time enjoy freedom of movement when it came to importing and exporting."

"There is no doubt that the Egyptian economy, by encouraging this trend, was striving to obtain a number of benefits. Among these benefits were the utilization of some of Egypt's national resources and gaining the revenue which would come from reexporting goods and other activities associated with this process such as storage and supply."

"A political decision was taken to establish the free city in Port Sa'id. The basic considerations for taking this decision were the fact that the people of Port Sa'id had suffered from the effects of successive wars and the fact that a number of them had migrated to other areas inside Egypt. This was a problem. This political decision was 100 percent successful, and it played its role in determining this trend."

"But on the economic level we find that some positive features have been achieved. It is not our purpose here to evaluate them. But what we will be

aiming to do is to point out the negative features which have arisen due to the experiment so that we can attempt to seek solutions for them:"

"There have been effects which have been felt both on the national and on the local level:"

"1. On the national level it was expected that the free zones would contribute toward increasing exports and attracting foreign investment for enterprises which would produce goods intended for export and reexport."

"However, the experiment caused an obvious change in patterns of consumption both in terms of quantity and quality. Many Egyptians started purchasing luxury and recreational items, the possession of which was beyond their income level and which were not high on their list of priorities in terms of basic or luxury items which they needed."

"2. The difficulty of exercising control over the city's customs inspection areas, and consequently the ease with which smuggling is carried on. This situation has led to the creation of a new profession known as 'labbisah' [shoehorn]. This profession has specialized in, and those who have engaged in it have become proficient in, inventing methods of smuggling goods through customs."

"3. Although more than 5 years have gone by since the experiment was begun, production activity and the reexport of goods--which were the basis for establishing the free zone--are still limited. [Instead of this], the basis [has turned out to be] participation in storage enterprises for the benefit of local consumption and marketing."

Dr Samir Tawbar goes on to say: "And on the local level we have the following:

"4. Many people in Port Sa'id have started engaging in commerce, especially dealing in goods found in boutiques. As a result, many other occupations have disappeared."

"5. Many young people have not continued their schooling. The effects of this situation will surface in the future in the form of a deep-rooted and long-term educational gap, the results of which we will realize when it is too late.

"6. The limited area of the governorate, and consequently the accumulation of many business activities in a limited physical area. This has resulted in increasing demands being made on the public utilities and they are now in bad shape."

"7. The fact that the greatest benefit has gone to the foreigners who are financing the commercial operations in Port Sa'id. This has resulted in a situation where increase in income is not keeping up with the rise in the cost of living. Consequently, the citizens of Port Sa'id are not reaping the benefits of this resurgence of commercial activity. In fact, basically they are the ones who are being harmed by it."

"8. The employees who are living in Port Sa'id are suffering from housing problems and from the rise in the cost of living which is not in proportion to the level of their income."

Dr Ahmad Rashid, professor of economics in the University of Cairo's Faculty of Economics and Political Science, began his remarks as follows: "In principle, the concept of the free zones and the free city is economically, socially, and politically acceptable, and it serves a number of purposes for the economy of a developing nation such as Egypt."

He went on to say: "The most important of these purposes served by the free zones--and this is related to Egypt's economic situation--is that these zones are a means of absorbing the labor force and utilizing it in production and manufacturing operations. In addition to this, the free zones are a means of attracting advanced technology and utilizing it to develop production methods in developing nations."

Dr Rashid adds: All of these purposes as well as other purposes fit in well with the idea of establishing free zones. But we must ask to what extent the free zones and Port Sa'id as a free city have succeeded in achieving these objectives."

"The results which we have seen during the five-year period, from the beginning of this activity up till today, confirm the fact that the results have been negative ones. The number of industrial enterprises which have arisen during this time period has been far fewer than the number of storage enterprises-- and the number of storage enterprises has increased to an incredible degree. In addition to this, most of the [industrial] activity has concentrated on the production of consumer and luxury goods!"

#### Exaggeration of the Negative Features

Samir 'At'ut , the assistant secretary general of the National Party in Port Sa'id, says: "There are a number of important facts which economic experts and formulators of the new economic policy should bear in mind."

"1. There has been a lot of exaggeration concerning the negative features of the free zone in Port Sa'id. This is especially true concerning the issue of smuggling. Also, smuggling takes place in all ports and free zones in the world. Many large-scale smuggling operations have been thwarted in the port of Alexandria. If we constantly say that Port Sa'id has become a major source of smuggling, this nevertheless should be no excuse for not exercising thorough control over the free zones."

"We should support our police apparatus and [provide it with] modern equipment. Furthermore, I suggest imposing a special tax for enhancing the zone's security and for dealing with smuggling. Also, we should modify our legislation so that smuggling is made a crime, smuggled goods are confiscated, and the practice of reaching amicable settlements is abolished."

"2. It is said that the importation of goods affects national production and industry. I believe that we should always seek to improve our production and

carry out plans for replacement and training so that we will be able to achieve a level which will represent an increase in our exports--especially our exports of goods produced by the textile sector which is competing with the goods produced by international corporations."

"Instead of talking about protection for our national industry, we should have the government put all of its efforts into discussing [the reasons for] the companies' losses and the decrease in the quality of the goods which they produce. Also, the small number of cases of commercial fraud which occur can be detected and contained by means of activating and supporting the appropriate bureaus of surveillance. We should keep this in mind when we are discussing this issue."

"3. Many industrial projects which have been set up in the industrial free zone in Port Sa'id have already begun actual production, have started exporting their goods, have imported technology, have brought in additional foreign currency revenues, and have employed the services of hundreds of Egyptian workers. In order to attract additional foreign capital for investment in the zone, it is necessary to provide facilities such as roads and transportation, it is necessary to have stability in our economic policy, and it is necessary to provide more benefits and facilitating measures. We should also not ignore the fact that it was necessary for the experiment to begin with commerce and then gradually develop [industrially]. Also, a certain period of time must go by before industries can bring in a profit."

"And finally I would like to say that the time has come to have the experiment be established once and for all and not be threatened at different times by ideas involving either imposing restrictions on it or abolishing the experiment."

"Our economic issues should be dealt with slowly and cautiously due to their local and international repercussions and so that we can use our vision when dealing with the problems."

9468  
CSO: 4505/190

FRAUDULENT SEIZURE OF GOVERNMENT LAND REVEALED

Cairo AL-AHRAR in Arabic 22 Feb 82 p 1

Article: "Governorate of Cairo Is Last To Know; the Millionaire Seized the Land, and the Governorate Helped Him"]

Text; New facts have emerged in the story of the millionaire who seized a vacant lot of 150,000 meters worth 100 million pounds, as was revealed by AL-AHRAR in its past issue.

It turned out that the governorate of Cairo knew nothing officially or semi-officially about this usurped land. It turned out that the governorate had unwittingly helped the usurper and that one of the investment companies was claiming in official letters that it owned the usurped land.

The governor of Cairo, Sa'd Ma'mun read the story about the usurping millionaire, as other readers did, on the pages of the past issue of AL-AHRAR. The governor charged his aides to get him the name of the millionaire and the location of the usurped land.

Ahmad Abu 'Arab, director of public relations in Cairo Governorate contacted AL-AHRAR last Tuesday and obtained the information that the governor had requested.

The millionaire had resorted to an original way to usurp the land. He drew up with one of his followers two preliminary agreements for the purchase of the land, and then he went to court claiming that the seller was not willing to register the two agreements and that the two sales agreements had been executed. The millionaire registered both court rulings in the real estate office and seized the land.

Last Tuesday AL-AHRAR revealed new details [about the case] to the governor of Cairo. AL-AHRAR explained to the governor how some agencies of the governorate had made it easy for the millionaire to seize the land. These agencies had used bulldozers and sought the assistance of the [public] facilities police to tear down buildings that had been built on the land by some minor trespassers who had been looking for shelter. The land was cleared of these people [and of the make-shift structures they had set up,] whereas the industrial colony that had been set up by the millionaire at the entrance to the land was left standing.

AL-AHRAR revealed to the governor of Cairo how one of the investment companies conspired with the millionaire.

The investment company claimed that the usurped land was part of its property so it can have water and electricity extended to the land. AL-AHRAR revealed how the investment company helped the millionaire purchase a piece of land of comparable size so his ownership of the land could be extended and so he can use that purchase to conceal the seizure process.

AL-AHRAR is awaiting the measures that will be taken by Cairo Governorate to restore the state's usurped land and to conduct an investigation with those who made it easy for the millionaire to usurp the land.

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EXPERTS VOICE VIEWS ON POPULATION PROBLEM

Cairo AL-AHRAM in Arabic 5 Mar 82 p 9

Article: "AL-AHRAM Opens the File on the Population Question, Offers a Working Paper to the Conference Which Was Called by the President; Is Egypt's Population a Problem?"]

Text] Chairman of Advisory Council says, "Our attention to the population question was called half a century ago, and until now opinions about it differ."

Minister of planning says, "The population problem is not the cause of the problems we have, but a result of them."

The president of the family [planning] agency says, "It is an undesirable situation, but our method in facing it is erroneous."

What is causing the population to increase: poverty or the poor distribution of income?

The question is forcing itself with constant and continuous urgency. All people agree that this question must be dealt with immediately, but they disagree in describing it; they disagree about the methods of treating it; and they disagree about its samples. To put it more clearly, "Are the Egyptians, the population of Egypt, a problem?" A group of experts reply, "Yes, they are a problem in themselves. They are part of a greater problem, which is the population explosion in the world. This population explosion is not countered by an abundance of resources, especially food resources. The cries of scientists are being heard that a world famine is around the corner, waiting to usher in the 21st century. Their vehement cries caution and warn. There is no way out, and there is no escape unless birth rates and growth rates are reduced to reduce the population." Another group of experts reply, "The population is not the problem. The population is a question that must be faced, and this can only be done by developing and expanding resources because the problem is primarily economic, not demographic. Furthermore, people are a resource, and they represent the most valuable possession which we must invest the best way we can."

Which group is right? Can we follow the opinion of one group and ignore that of the other, or is this considered a luxury we cannot afford? Ought we then to pursue all roads in our efforts to reach a better society?

The question has been brought out--and we are not saying the problem so we can remain neutral in this matter until we find out the opinions and sense all the dimensions--since 1936. That is, the population question was brought out about half a century ago. What is curious is that since then the two opinions have existed. One of them calls for action to reduce the rate of growth in the population, and the other completely opposes that idea. Despite these numerous years, we have not yet settled on "the ideal" opinion even though all these efforts have been made. It may be that this is what made President Husni Mubarak call for a conference to discuss the question in its entirety, acting on his policy which seeks to place "important questions" in front of experts of various disciplines so they can discuss them, explore them scientifically and objectively and propose solutions and different alternatives to them. Acting on the same premise, in compliance with the president's invitation, AL-AHRAM called for a symposium, like those it had called for to discuss the economic problem. The symposium took place in more than one meeting and was attended by experts in more than one discipline and at more than one location. The question was presented for a free and honest objective and scientific discussion that was corroborated by statistics and scientific evidence and included all opinions from the various disciplines.

Dr Muhammad Subhi 'Abd-al-Hakim: "It may be appropriate to begin by making a quick review of the history of our awareness of the population problem. This came about in 1936 when the population of Egypt was between 15 and 16 million persons only. At that time the first cries were heard to warn of a population problem from which Egypt would suffer. These cries came from two professors: one of them was an Egyptian, and the other was American. The Egyptian was our late professor, Dr Muhammad 'Awad Muhammad. He had published a book entitled, "Sukkan Hadha al-Kawkab" [The Inhabitants of this Planet] and had concluded it with a chapter about the population in which he said that Egypt was going to face a population problem. The American professor was Wendell Cleland, professor of sociology at the American University [in Cairo]. He had published his book, "The Population Problem in Egypt," in the same year and had concluded it with a chapter entitled, "Is Egypt Suffering from a Population Problem?" He was candid in answering his own question. The two professors were not satisfied with publication of the two books, and they continued their efforts in that field. I recall that Dr Muhammad 'Awad Muhammad faced opposition from scholars of the Islamic religion, but--and this may have been unknown up to this point--he was behind the well-known formal opinion that was issued by His Eminence al-Shaykh 'Abd-al-Majid Salim, the Mufti of Egypt in 1937. It was the first official Islamic opinion to support family planning. Dr 'Awad continued his efforts, deriving from Al-Imam al-Ghazali's book a statement to indicate that Islam did not oppose family planning even if the objective was merely the preservation of a woman's figure.

"The American [scholar], Wendell Cleland continued his efforts and published more than one article in U.S. magazines to complement the statements he made in his book. These cries remained faint until the outbreak of the 23 July Revolution in 1952. Many files were opened then, and subjects that had been overshadowed were brought up. Fortunately, one of the students of Dr Muhammad 'Awad and a specialist in population studies took over the Ministry of Social Affairs in the first cabinet that was formed under the administration of the Revolution. He was Dr 'Abbas 'Ammar. He took it upon himself to continue the mission, and

he took the opportunity of the establishment of the Permanent Council for Services and established within it the National Committee for Demographic Problems. Egypt participated for the first time in an international population conference; it was the one that was held in Rome in 1954. A few years later the Permanent Council for Services was abolished, and the National Population Committee [sic] became the Society for Demographic Studies. It conducted scientific research and studies, one of which was a pioneering field study overseen by Dr Hanna Rizq. Dr Rizq examined the results of that study over a period of 2 years which he spent in the Center for Demographic Studies at Princeton University. He earned a doctorate degree in demography as a result of this research which was probably the first field survey of fertility in Egyptian society. Then the situation changed in the Society for Demographic Studies; it has now become the Public Society for Family Planning.

"Until the early sixties the government had maintained a conservative posture about going into the field of family planning in an effective way because it was believed that increasing national revenues in 10 years would take care of any increase in the population. This was believed until the National Action Charter came into being in 1962. The charter included a well-known paragraph which is considered the earliest beginning of the government's entry into the field of the population problem and family planning. This paragraph was then put into practice when the Supreme Council for Family Planning was established in November 1965 and when the Executive Agency for Family Planning was established in February 1966 as a professional secretariat for the Supreme Council. The philosophy of action was based on a two-pronged medical approach: prodding and informing people and providing [to people] the means of family planning and making them easily available. In 1972 action [in this area] entered into the phase of "a national policy for family and population planning" to cover a period of 10 years and implement 9 factors on which this policy was based. These factors would affect if not control differences in human fertility in Egypt. Accordingly, the problem could be confronted decisively. The word, "population" was added to the Supreme Council for Family Planning, and the name of the agency became the Executive Agency for Family Planning. The new policy had relieved that agency of executive burdens so it could devote itself to shaping policies and making plans, follow-ups and evaluations. The objective of this policy was to reduce the birth rate by 1 in 1,000 per year. At that time the birth rate was 36 per 1,000, and it was hoped that by 1982 that birth rate would be 26 per 1,000. It may be a fortunate coincidence that we are now discussing the problem in the same year during which the national policy is to come to an end.

"On the other hand an international population conference was held in Bucharest in 1974. Egypt participated in that conference which produced a new approach to facing the population problem: that of development.

"At any rate, if our awareness of the problem began early, there are still those who think that we are not suffering from a population problem. [They say] that human resources are our most valuable possession and that they must be utilized. What is curious is that Wendell Cleland said in his book, to which we have referred, that he had met with a senior official in Egypt who played a prominent role in setting policies. That man stated quite unequivocally that he would not be happy unless he saw the population of Egypt at not less than 30 million. By examining population growth trends in Egypt during the 20th century it may be

said that the number of people early this century was about 10 million. In half a century, by 1950, the number of people doubled and became about 20 million. They doubled again and became 40 million in only 28 years, that is, by 1978. The rate of population growth during the first half of this century, or specifically until the 1947 census, varied from 1 to 2 percent. Then the rate exceeded 2 percent and began approaching 3 percent. But if we were to go back to statistics of births and deaths, [we would find that] the birth rate remained constant, with only a few slight fluctuations. It may be said that in the past 10 years the birth rate declined at a rate that may be intangible. As far as the death rate is concerned, it fluctuated around the figure of 26 per 1,000 until the end of World War I. Then it began to decline gradually until it finally reached somewhere between 10 and 11 per 1,000. This is what will widen the gap between births and deaths and increase population growth."

After that we ask three questions:

--Are we really suffering from a population problem? If this is true, what is its nature and what are its dimensions? [We need to know] so that we would not fall into the trap of magnifying the problem or make the mistake of taking it lightly. This is the starting point for a scientific diagnosis of the problem.

--If our awareness of the problem goes back a long way, so do our efforts. What were our hopes, and to what extent did we succeed in achieving them?

--If we are adopting a method of planning, is it possible to subject to it the question of family planning, or is the matter related to an individual decision made by husband and wife? This leads us to propose two standards for the question of family planning: a national standard and a family standard. This means is it possible that the birth of a child, a joyous event for a family, would be viewed by society as an unhappy event? Can the plan step into this area and play a role in bringing about within the family a social, cultural and a behavioral change?

Dr 'Aziz al-Bindari: "To complete the figures, in 1965 the birth rate reached almost 43 per 1,000. Then it declined at a rate of about 1 per 1,000 every year, until by 1972 that rate was 36.4 per 1,000. Starting with 1973 the birth rate rose again to about 40 or 41 per 1,000, but last year it began declining again. However, we cannot judge if this decline will continue or if the birth rate will rise again. We notice that there was a decline in births during the economic crisis of the thirties and during World War I, World War II, during the 1956 war--albeit the decline then was very slight--and after the 1967 war. The phenomenon affirms that an abnormal decline in the birth rate is followed by an increase. This is what happened after 1973 to make up for the decline that followed the 1967 war. There is a set of reasons or assumptions to explain the decline in the birth rate. Among them are economic hardship, psychological anxiety and the conditions of the military draft. There was a concrete decline in marriage rates during the period from 1967 to 1972: it became 7.5 instead of 10.6. Starting with 1973 marriage rates rose and became 10.6 [percent]. Then they declined again. After that I shift to the point about the developmental approach which was determined at the Bucharest Conference in 1974. I say that Egypt had adopted that approach before that time. As far as the three questions that are being posed are concerned, I say, there is, of course, a population

problem since there is 'an undesirable condition which may be changed in a fixed period of time.' If we were to look at the population situation in Egypt, we would find that it constitutes a problem. The number of people now is 44 million persons who are crowded in about 4 percent of Egypt's territory. Actual population density amounts to 1,000 persons per 1 square kilometer. This is one of the highest population densities in the world, and its most prominent examples can be found in some neighborhoods like Bab al-Shi'riyah and al-Khalifah in Cairo and al-Jumruk in Alexandria where density amounts to 140,000 persons per 1 square kilometer. This is an average of nine full families living in an area that is four by five meters. Such high population density creates social and other problems.

"Among the problems of this demographic distribution that we are experiencing in Egypt for the first time--or rather in the history of all humanity--is the fact that the age composition of Egyptian society amounted to the fact that 60 percent of the population is less than 20 years old. Other than the dimension of population growth and that of demographic distribution, there is a third dimension: the demographic characteristics that distinguish one society from another. Here we find that the characteristics of an Egyptian are extremely poor. For example, the official rate of illiteracy is 56 percent. Actually, it is higher than that and may even be as high as 70 percent despite all the efforts that have been made for 30 years [to wipe out illiteracy]. The ratio of illiteracy among women is 90 percent. Also life expectancy at birth is still very low, about 56 years. This is the average life span of the Egyptian. In other countries, however, the average life span for an individual is 70 or 75 years. Women's participation in the work force, for example, does not exceed 12 percent of the female population, whereas in the most advanced societies that ratio amounts to 50 percent.

"The population problem is a well-known problem and is characterized by what is called spontaneous inertia. This means that any solution to it will only emerge over a long period of time. If we were to assume, for example, that starting tonight each husband and wife will be satisfied with only two children--the lowest replacement rate--the number of people by the year 2000 will be 60 million. This is the lowest estimate. Therefore, solutions are possible, but they will require a reasonable period of time.

"Regarding the question about the possibility of subjecting the population question to planning, the decision to have a child is an individual decision. There is a difference between the advanced countries where the situation is protected by the decision of individuals to stop having children, and that of developing countries like ours, where the 'situation is not protected' by the decision of individuals to have children. Naturally, planning can play a role in changing human behavior. I believe that this can happen quickly if conditions and causes can be found. One last question remains; it is this: Why have we not succeeded so far? Is the method we used in confronting the population problem the proper method? Is the development method which Egypt followed to solve the population problem actually helping Egypt solve that problem, or is it aggravating the problem? I am saying that the method Egypt has been using is not helping solve the problem. It must be reconsidered, and the focus must be placed on the rural communities which constitute the greater portion of society."

Dr Kamal al-Janzuri: "First of all, I do not call it a problem; I call it the population question. If I discuss the population question from a planning point of view--considering planning as a means to the end of economic development--[I will ask you to] allow me to repeat the four dimensions of the question. The first is the age composition of the population. We find that 60 percent of the population are under 20 and that 43 percent are under 15. This number is a burden on the family or the family has to provide financially for them. Consequently, they are considered unproductive. In the context of development [such people] are referred to as consumers. The second dimension [of the population question] is that of population distribution. The inhabited area in Egypt does not exceed 4 percent of Egypt's territory. There are only two cities, Cairo and Alexandria, where 21 percent of Egypt's total population live. This represents a burden on those two cities and makes repair work in them impossible. We have now reached that level of danger. We also find that there is poor distribution between urban and rural areas with 55 percent of the population living in rural areas and 45 percent in cities. By their very makeup cities constitute a burden on rural areas. According to the latest bulletin about food subsidies, which amounted to 1.6 billion pounds this year, we find that 70 percent of that subsidy goes to cities and only 30 percent goes to rural areas.

"Accordingly, development here is economic because the city constitutes a burden on rural areas which produce food to feed cities. The third dimension [of the population question] is population growth. The population is growing at a large rate. If, at best, the population will be 60 or 65 million by the year 2000, some people are saying that that figure will exceed 75 million. Consequently, this growth would have a direct effect on a nation that relies on foreign countries for its food. The situation is such that we consume 80 percent of [the revenues from] all our exports including oil--oil exports alone bring in 3 billion dollars--to buy only 6 kinds of food: wheat, flour, shortening and cooking oil, meat, sugar and tea. According to another calculation we are importing from abroad food worth one third of all our exports including cotton but excluding oil.

"It is for this reason that we say growth that would increase the base population would constitute a burden on consumption.

"The fourth dimension of the population question, which is the most important one from an economic viewpoint, is the presence of an imbalance between human resources and available natural resources. For example, the population has increased about five times since the beginning of this century while agricultural land has increased only 25 percent. This makes the per capita share of cultivated land no more than 0.15 percent. Thus we find that the question is extremely difficult. What has planning done and what will it do to confront it?

"At the outset we ask, 'Is the population question considered a reason for the problems from which we are now suffering, or is it the result of these problems?'

"I believe that the population question in Egypt, with all its problems, is the result of Egypt's economic problems. The population question did not cause these problems even though it is beginning to cause problems. How and why is that?

"When we consider income distribution in society, we find that a few people are enriching themselves and living in luxury while most people are not. Therefore, those who are not living in luxury can only become indifferent. Accordingly, it makes no difference to such a person if he has 1 child or 10 since nothing for 1 person is the same as nothing divided among 10 people. But the situation is different for one who lives in luxury since dividing "income between 2 or 3 people would differ from dividing it among 7 or 10.

"The evidence for this quite simply is this: if we were to consider two brothers one of whom lives in a village while the other moves to Cairo to work, [we would find that] the city dweller who got out of the cycle of "injustice or darkness" is thinking ambitiously. He thinks of his son receiving an education and becoming advanced like the Cairenes, like the children of those people with whom he associates. The village dweller, however, is indifferent [to all this], especially since we suffer from a phenomenon that is found only in developing countries. This is the phenomenon of putting children to work and considering them a source of income, that is, if the child lives. If a child dies, then another would be born.

"Thus it must be said that the question that is pending now represents an economic problem. It is not the cause; it is rather the result. However, the population question is beginning to cause a problem because the population has grown, the burden has increased and consumption has outstripped production. We now depend on the worker who works abroad, and our reliance on him is taking the form of revenues and loans. So we began talking about the problem.

"But so that we can agree on whether or not it is possible to face this question, we must admit that the population question did not cause the problems. What happened in Egyptian society is what produced that question. We must also say that the imbalance in income distribution is what brought us to this state. That is the cause; the question of poverty is not. There are nations in developing countries whose population is supposed to grow, but this growth does not happen because the discrepancy in income distribution is slight, and this creates a sense of contentment and caring. There is a difference between being poor and having poor distribution of income. It is this poor distribution of income that creates the problem with the indifference it breeds. The question is not one of income level as a whole. A society wherein incomes vary from 20 to 100 [pounds] is different from one wherein incomes vary from 20 to 20,000 pounds]. It is here that those who earn only 20 [pounds] become trapped in a cycle of indifference. Thus, the population problem is the result of the poor distribution of income."

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## EGYPTIAN FAMILY SPENDING ANALYZED

Cairo AL-AHRAM in Arabic 6 Mar 82 p 13

[Article by Ahmad al-'Attar: "Most Recent Study by Central Statistics Agency: How Does Egyptian Family Spend Its Income?"]

[Text] The latest study of the family budget by the Central Agency for Public Mobilization and Statistics [CAPMAS] indicated that the Egyptian family spends more than half of its budget (54.7 percent) for food and drink. That is followed by expenditures for clothing and shoes (14.1 percent) and housing and related expenses (6.4 percent). The study also showed that spending for tobacco and drugs takes fourth place (4.9 percent). Education represents 1.3 percent of spending, and health care 1.9 percent.

'Abbas 'Amir, undersecretary of the ministry for the CAPMAS and director of the family budget study, says that the new study of the family budget which is now under way is being conducted from 1 July 1981 to 30 November 1982. The last study of the family budget was done in 1974-75. The current study, which will include 17,000 families, will be conducted in four periods of 4 months each. Each period will include 4,000 new families and 1,000 constant families whose spending for the various categories will be studied. The purpose of including 1,000 constant families throughout the four periods is to study the effect of various factors and conditions on the change in percentage of spending for the different categories. The study will be conducted by about 500 researchers employed by the agency or assigned from other agencies. Each researcher will study an average of ten families by lists including all of the different categories of spending, such as food and drink, clothing and shoes, and housing and related expenditures. Each family lists its spending for each category. The study is being conducted very carefully, and several experts from the CAPMAS at various levels are supervising it to check its accuracy and solve any problems facing the researchers.

The first phase of the study was completed during the period from 1 July to 30 September 1981, and data have been collected and prepared for 4,000 families. Final tabulations will be completed for the 1,000 constant families after the four periods are completed to see how their spending changes in varying circumstances. The first period yielded some very important results concerning the way Egyptian families spend their income.

Dr 'Awd Mukhtar Haludah, head of CAPMAS, confirms that the study showed that food and drink lead the spending categories of the Egyptian family, representing 54.7 percent of the total spending. That is followed by spending for clothing and shoes (14.1 percent), housing and related expenses (6.4 percent), tobacco and drugs (4.9 percent), furniture and appliances (2.5 percent), fuel and lighting (2.4 percent), public transportation (2.1 percent), health care and services (1.9 percent), restaurants, cafes and hotels (1.6 percent), personal and grooming items (1.6 percent), education (1.3 percent), culture, sports and self-improvement equipment (1.1 percent), housekeeping supplies (1.1 percent), means of personal transportation (.9 percent), other aspects of consumer spending (.8 percent), maintaining means of personal transportation (.4 percent), and culture, sports and self-improvement (.4 percent).

Dr 'Awd Haludah says that the first analyses of the results of the family budget study show some important facts.

Food and drink take first place in spending with 54.7 of the total spending. In the previous family budget study conducted in 1974-75, it represented 57.5 percent, so the percentage has dropped. He believes that the Egyptian family must pay more attention to nutrition, concentrating on food with high nutritional value such as poultry and meat. When we compare the 54.7 percent spent on food and drink to spending for those items in other countries, we find that in the United States it is 20.9 percent and in England 29.9 percent.

Clothing and shoes are next with 14.1 percent, an increase of 2.5 percent over the 1974-75 study. Naturally the increase in this category is attributable to the increased attention of the Egyptian people to their appearance. In comparison, we find that this percentage is 8.5 percent in the United States, 9 percent in England and 9.7 percent in Pakistan.

Housing and related expenses take third place in family spending with 6.4 percent of the total. When comparing this with the 1974-75 budget, we must take into consideration family expenditures for furniture and appliances (2.5 percent) and fuel and lighting (2.4 percent). These three categories total 11.3 percent. The 1974-75 study considered these three categories together and spending for them came to 11.6 percent, so the current figure represents a .3 percent reduction. One must bear in mind here the existence of a situation intertwining a large number of Egyptian households, since a number of families branch out from each Egyptian family as the sons marry and they all live together in the same household. One must also consider that a large number of young people who are able to obtain new housing spend a large percentage of their income as rent for this housing and related expenses. In other countries, we find that this category accounts for 22.1 percent of family spending in the United States and 18.6 percent in England.

Tobacco and drugs take fourth place with 4.9 percent of total spending, as compared to 5.9 percent in the 1974-75 study. That is not considered a significant reduction in view of the increase in the percentage of children under 10 in the total population. Since the vast majority of them are not consumers of tobacco and drugs, the present percentage of spending for these items is considered

relatively high. In addition, this does not include spending for illegal drugs. Consumption of cigarettes by those 15 and older approximately doubled in about 10 years. If we look at spending for tobacco and drugs in the United States, for example, we find that it is only 1.7 percent, and in Pakistan 2.4 percent.

Spending for public transportation represents 2.1 percent, while .9 percent is spent for the value of means of private transportation (such as private automobiles). Maintaining means of private transportation (such as gasoline) cost .4 percent of total spending. Spending for these three categories, representing transportation and communications, totaled 3.4 percent. In 1974-75 this percentage was 2.8. In the United States it is 23 percent, and in England 15.1 percent.

Spending for health care and services took 1.9 percent of family income. Dr Haludah adds that it was 1.5 percent in the 1974-75 budget study, and it is natural that spending for health care should increase when income increases. The present percentage is not considered small, but the important thing is the presence of adequate health services for the citizens. In England this takes .7 percent of spending and in Pakistan, 2 percent.

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## KHOMEINI'S FOREIGN POLICY 'UNDER FIRE' AT HOME

London IRAN PRESS SERVICE in English No 65, 1 Apr 82 pp 6-8

[Text] The Khomeini regime's management of the nation's foreign policy has been disastrously inefficient to the point that any government which eventually takes over the reins of power from the mullahs will have to make strenuous efforts to repair the damage done to Iran's international relations.

This is the verdict of a group of Iranian experts on foreign affairs who are cooperating with the clandestine Iran Civil Servants Association, an association which strives to keep Iran's mutilated civil service together to give civilian backing to any effort aimed at setting up any alternative nationalist government in Iran.

The group believes that the following factors have shaped up the Khomeini regime's foreign policy and practice:

1. The main factor perhaps is Khomeini's own totally mistaken and outdated concept of what should be the guidelines of foreign policy. Khomeini and his aides, all inexperienced mullahs, put a great deal of emphasis on the importance of playing one superpower against the other. They also believe in keeping contacts between ordinary Iranians and foreigners to a bare minimum. They are wary of outside influences; more specifically they suffer from an inferiority complex in their dealings with sophisticated Iranians and this is reflected in their animosity to all forms of sophistication and modernism, which they associate with westernisation. It must be remembered that Khomeini and his top brass speak no foreign language, even Arabic. Although Khomeini lived for 16 years in Iraq and had acquaintance with the language during his theological studies, he needs an interpreter when he speaks with Arabs. So he and his top aides have a limited knowledge of the world outside their immediate surroundings. This limitation has its bearings on their foreign policy and consequently they tend to keep away from people whose culture is different from theirs, i.e. Europeans and Americans, and limit their contacts to such countries as Syria, Algeria and Libya, which are Islamic as well anti-Western.

But for domestic and other reasons they speak of their mandate as having international dimensions and so they have to associate themselves with extremist organisations.

2. Another important factor is the spirit of tribalism among the Khomeini camp members which drives them to distrust anybody who is not a group member or a relative. This has resulted in monopolisation of all government positions in the diplomatic service by longtime associates and their relatives. The positions in the diplomatic service are in particular coveted by them. And when they fail to find one of their own trusted men to fill a vacancy, they leave it vacant rather than give it to somebody who is not "one of them." Thus experienced personnel have been purged, and new cadres who are totally unqualified are employed. For example, the foreign minister and his top aides are either those students who participated in the hostages drama or drop-outs who are former members of the students' Islamic associations abroad.

3. Yet another factor is the use of diplomatic posts abroad for espionage purposes or for sending in organisers of pro-Khomeini demonstrations. This has led to diplomatic posts being filled by unqualified and often quite un-educated personnel.

4. The regime is also intent on utilising its foreign policy to strengthen its position at home. The best example of this is the taking of the hostages, which, at a crucial time, saved the regime from collapse.

5. Finally the war with Iraq is a factor which has greatly influenced the regime's foreign policy; in other words it has complicated its relations with the superpowers as well as the Islamic and non-aligned nations.

The study group claims that of these five factors the most important is the first, because it is the ignorance of the ruling mullahs, especially their wrong assumptions of how other countries devise their policy guidelines, which has been responsible for the regime's foreign relations debacle.

"We know now, as most of this association's members knew then, that Khomeini and his turbanned and non-turbanned followers rose to power by deceit, misrepresentation and false promises," the study group states. "But they also managed to enlist the assistance of moderate elements like Mehdi Bazargan and sections of the National Front, as well as a broad spectrum of leftists from Massoud Rajavi's Mojahedin to Moscow's Tudeh.

"Initially the Khomeini regime's foreign policy was the continuation of a non-aligned position, somewhat tipped towards Western Europe and away from Moscow and Washington, which ex-premier Bakhtiar was tending to adopt during his brief period in office. But the then foreign minister Karim Sanjabi was too weak to stand up to constant interference by Khomeini's other allies, notably Ibrahim Yazdi and ex-president Bani-Sadr, who favoured close alliance with the PLO, and the leftists who favoured ties with extremist factions in the Arab world.

"Then followed a succession of foreign ministers, namely Yazdi, Bani-Sadr and Qotbzadeh, each of whom initiated their own purges, bringing their own henchmen into the ministry. This was the time of the hostage drama.

"Taking the U.S. diplomats hostage was a move which had the initial support of Qotbzadeh and Bani-Sadr, each hoping to solve it in an effort to come to a special deal with the Americans.

"However, neither of them had the power to deliver the goods (hostages) as they had promised. Assassinated strong man Beheshti, meanwhile, had his own plans. By setting off the hostage drama he had created a big problem for then-president Carter and at a price he was the only person who could solve it. But we now know that Carter was not prepared, or unable to make a deal with Beheshti. So the hostages affair lingered and since Khomeini, on Beheshti's advice, had called it the second revolution, he and his regime began to sink deeper into a whirlpool of its own making.

"The hostage issue not only cost Iran some \$10 billion in assets in America and \$5 billion elsewhere; it also made of Iran a renegade state and an international outlaw. Yet the mullahs decided to make a sweet lemonade out of a bitter lemon so they clung to their position and tried to turn it to their advantage. They enjoyed the publicity and world attention it brought them. They also found food for domestic publicity by taking on a big enemy--America (David fighting Goliath).

"While the drama was useful for the mullahs in allowing them to clamp down on domestic enemies, to outdo the leftists and to isolate the Iranian people from the outside world (thus denying them assistance from world public opinion) disaster struck when the war with Iraq broke out. Despite the fact that at least on paper Iraq was the aggressor Iran received no moral support from the outside world. This in turn led to the regime becoming more aggressive and repressive at home and more defiant abroad.

"The whole episode was the result of misconceptions on foreign policy. Khomeini believes that because he can always drag the Russians in, he can get away with whatever he wishes in his policies. This is the lesson he has learnt from the hostages issue. He attaches a great deal of importance to the Russian scarecrow.

"All this shows that Khomeini's foreign policy objective is a negative one of keeping all powers away so he can turn Iran into a pre-medieval fortress, suitable for his own low level of capability to administer but too unattractive for outside power. However, he makes a great mistake; he cannot halt the march of progress. He may succeed in convincing the West that Iran is too backward and problematical to merit their attention. But no matter how successful he is in imposing a pre-medieval regime on Iran and no matter how successful he is in convincing the West that Iran is not worth bothering about, he cannot succeed in making Iran unattractive to the Russians. Moreover, his cynical manipulation of Islam, and the bloodiness he has associated with its name could cause wide revulsion among Iranians and a strong bastion against communism could fall apart as the masses looked for a saviour who could well appear from the north.

"It is in recognition of this danger that we call on our fellow Iranians not to yield to Khomeini's destructive policies. Khomeini has proved that he is

an enemy of Iran. He hates Iran and anything Iranian for personal reasons. His companions are either ignorant or even mentally retarded like Montazeri and Rafsanjani, or are communists at heart like Khamenei and his prime minister. We must now allow them to destroy our identity with the help of Russia. We must fight on."

The study group has called on exile groups to expose the essentially anti-Iranian nature of the Khomeini regime and enlighten public opinion in the free world on the fact that not only is Khomeini unrepresentative of Iran and Iranians, but there is a heroic resistance to his tyrannical rule despite the fact that liberal opinion in the free world does not support Iranian resistance fighters.

CSO: 4600/407

## VELYATI COMMENTS ON NONALIGNED CONFERENCE

Tehran TEHRAN TIMES in English 7 Apr 82 p 1

[Text] KUWAIT (IRNA) -- The extraordinary meeting of the Non-Aligned conference to study the Palestinian issue, started its work yesterday with a speech of Sheikh Ahmad As-Sabah, the Kuwaiti deputy premier and foreign minister.

The kuwaiti foreign minister while expressing his gratitude over the presence of the Non-Aligned movements's representatives in the conference, and bringing up the Palestinian issue, called for an end to the Iraqi imposed war on Iran.

One of the speakers yesterday was Essmat Katani, the Iraqi head of the UN General Assembly, during whose speech the Iranian delegation left the conference, as a gesture of protest.

Pointing out that fighting imperialism had always been Iran's foremost objective, Velayati yesterday urged the world's oppressed to rise up against the cancerous tumour of the Zionist regime.

Addressing the extra-ordinary meeting of the non-Aligned Conference on the Palestinian issue which convened in Kuwait yesterday, Dr. Velayati blamed the U.S. for the homelessness of the Palestinian people since it was responsible for the creation of the illegal entity of the Zionist state.

Warning the conference of the hegemonist nature of the Zionist regime, the foreign minister quoted Imam Khomeini to the effect that the

insatiable appetite of the Zionists aimed at grabbing everything from the "Nile to the Euphrates."

Dr. Velayati bewailed the silence of world public opinion created by imperialist mass media towards Zionist crimes in Palestine and rhetorically asked how long this lethal silence would last.

Referring to imperialist policies designed to convince public opinion of the Zionist regime's alleged legal right to Palestinian land, Velayati said that it gave the Zionists a superficial gloss of power by helping it massacre

He added that in truth the Zionists had no right to Palestine, and if one was to consider peaceful co-existence, this right had to belong firstly to the Jewish Palestinians who had peacefully lived for long with the Moslems of Palestine but who were now brutalized by the likes of Begin, Sharon and others.

He then expressed his surprise and sorrow over some so-called Islamic regimes which had adopted such a passive stance in the face of it.

He added that those regimes were not aware of the U.S.'s real intents in dividing them and making them accept Zionism.

He said armed struggle against Zionism will continue "until last breath, and last man."

He further added that the Zionist enemy, in order to rea-

lize its expansionist objectives, threatens to occupy the South of Lebanon and annex the Syrian Golan Heights at the same time that it airs proposals for returning the remainder of the Sinai.

The Zionist regime has further dissolved the City Councils of the occupied Palestinian cities and has arrested the mayors of these cities who had been elected by the people.

Fortunately, he continued, the justice-seeking Moslem nation of Palestine has always recognized the dimensions of the Zionist plots and has heroically stood against them.

By participating in the Non-Aligned Movement and Conferences Iran, he said, could not be satisfied only by declaring moral support for the rights of Palestinians, but rather believes, the foreign minister stressed, that it is only through the complete unity of the Moslem forces and members of the Non-Aligned Movement as well as all-out support of all the oppressed of the world, that the rights of the people of Palestine and liberation of the occupied Palestine from the Zionist usurpers will become possible.

In the continuation of his address, Velayati once again touched on the principles proposed by the Islamic Republic of Iran in the recent special session of the United Nations concerning the issue of the Syrian Golan Heights.

Among these principles proposed were, rejection of all political solutions provided by Zionist and imperialist circles, non-reliance on the resolutions and approvals of the international organization, withdrawal of financial and foreign exchange reserves deposited by the members of the Movement in countries which are supporting the usurper Israel economically, politically and militarily, all-out political, economic, military and moral support for the members of the Arab Steadfastness Front especially Syria, the PLO organization, and the Moslem people of South Lebanon, against the Zionist aggression, and finally unconditional support for the heroic stand of Palestinians in the occupied lands.

In the continuation of his speech, Velayati told the audience that the awakened nation of Palestine must be assured that the Zionist regime could not impose the Camp David accord on the Palestinians through removing the mayors elected by the Palestinians and dissolving the City Councils in the occupied areas.

Touching on the principles of the Non-Aligned Movement, the foreign minister said that the war imposed on Iran was a clear case of violation of the principles upon which the movement was founded, and especially the principle of non-aggression.

He further reiterated that defending the rights of the Moslem nation of Palestine

was a principal goal of the Islamic Revolution of Iran.

In the closing part of his speech, Velayati, once again stressed that the Islamic Republic of Iran was not at war with any country either Moslem or non-Moslem and was rather inclined towards peace and friendship for all.

The Islamic Republic of Iran has so far been defending itself which was considered a God-given and Human Right for everybody. He further added that his country had no intention of committing an act of aggression against other countries and wanted all the Moslem countries to stand beside one another for the rights of the Moslems and the Moslem countries against aggressors such as aggressor Israel.

Other dispatches said: Yasir Arafat, leader of the Palestine Liberation Organization (PLO), urged the Non-Aligned movement here to take firm and strong strides in pursuance of its principles and doctrine, KUNA reported.

Given the challenges confronting the human race and its civilization, particularly the Third World peoples, the movement had to unite and aid the nations struggling for independence and territorial integrity, Arafat said.

Arafat was addressing the coordination bureau of the Non-Aligned movement, with the Palestinian problem heading the agenda.

The PLO Leader said the sufferings of the Palestinians

were indivisible from the overall policies of the "imperialist powers and their Zionist lackeys" who were out to colonize the whole Arab world because of its strategic sensitivity and wealth.

Isidoro Malmierca, the Cuban chairman of the coordination bureau, hailed the presence of Arafat as one more proof of the importance the Palestinians attach to international solidarity and particularly of the Non-Aligned movement countries.

Habib Chatti, secretary-general of the Organization of the Islamic Conference, hailed the "heroic steadfastness of the Palestinian people in the occupied territories."

The current uprising there demonstrated the Palestinians determination to reject any sort of dealing with the Israeli occupation authority.

Referring to Israel dismissal of West Bank mayors and establishment of village leagues Chatti said : "We are faced by a well organized design which Israel has been relentlessly implementing since the establishment of the Zionist entity" (Israel).

Chatti vehemently criticized the US and its Western allies for supporting Zionism and "pressuring some Arab countries to adopt pro-American attitudes ... and to impose the Camp David accords on the region."

He called for action and planning "to isolate the United States and Israel from the rest of the world."

## AFZALI SAYS NAVAL ACADEMY TO BE SET UP SOON

Tehran TEHRAN TIMES in English 7 Apr 82 p 1

[Text] RASHT — Besides the Navy Officers College which enrolled students for the first time in the country's history, another Navy Commanders Academy will be added before the beginning of the current educational year's second semester to attain "a 100 percent cultural self-sufficiency" within the Islamic Republic's Navy forces, said Iranian navy commander Admiral Bahram Afzali yesterday.

He said the repeated recent victories of Islamic fighters in the battlefields of war imposed by Iraq on Iran "will be a prelude to bigger conquests in future."

"This war will also lead to the victory of Quran's soldiers and will not last more than a few months more," Afzali told IRNA in this northern city.

He had arrived at Bandar Anzali to inspect the site for accommodation of Iraqi PoWs and issued orders to the officials involved for welfare of the enemies captured by the heroic Islamic combatants.

The navy commander said

Iran paralyzed 80 percent of the Iraqi navy and "totally diffused" enemy's futile attempt for procurement of sophisticated naval equipment especially naval helicopter gunships.

"Iraq now has nothing that can be called a navy, and even if it has something called a navy, it lacks the courage to show itself in the waters," Afzali added.

He said the US challenge posed by its Rapid Deployment Force (RDF) intended to plunder the oil resources of the oppressed masses in the vital area in this region and aimed to harass and paralyze both the Moslems and Iran's Islamic Republic but it "cannot do a damn thing," as Imam Khomeini had earlier declared.

On Iran's defensive naval role, Afzali said Islamic Republic's official policy is based on "non-intervention" in the internal affairs of other countries and has no expansionist designs on lands belonging to others.

"Having vast land to itself and natural resources of its own Iran does not need the territories of other countries.

The only desire Iran can have is for the regional countries to rely on their own powers and not look to strangers who do not mean well by them," the navy commander asserted.

The regional countries, he continued, "should also know that only the nations thinking in their terms can desire and protect their own interests."

He said the Iranian navy had a duty to protect its waters to keep open the traffic and to control the movements of ships within our own boundaries and the navy had so far successfully carried out its assignments efficiently.

Afzali also said that the spare parts needed by Iran's navy were earlier required to be imported or ships repaired outside Iran but presently those parts which could not be turned out within the country are being procured.

The navy also succeeded in the post-revolutionary period to activate and administer, relying on Iranian experts, the gas turbine workshops and the big naval factories in Bandar Abbas, he added.

## NEW VOLUME ON U.S., ZIONISTS ESPIONAGE DOCUMENTS ISSUED

Tehran TEHRAN TIMES in English 12 Apr 82 p 2

[Text] TEHRAN, (IRNA) - The nineteenth volume of the U.S. Den of Espionage documents has been recently published by the Moslem Students Following Line of Imam Khomeini.

In that volume, documents relating to the close collaboration of the CIA and Zionist regime's Mossad, have been included.

Beginning with a saying of Imam Khomeini that the "U.S. and Israel are among Islam's foremost adversaries", the students have written an introduction to the volume, describing the documents it contains.

The first is the continuation of a document shedding light on the organization of Mossad, the Zionist regime's intelligence organization and the ways the Zionists carried out their underhanded operations.

The second document is the Mossad's request made to various of its agents in a score of Moslem countries, to provide it with information pertaining to: Iraq-Syria unity, the Moslem Brotherhood, Iraq's role in the Persian Gulf, Iran, and the Yemens. The date of this document is Aug. 1st, 1979.

The third document includes passages on the internal situation of Syria, and how the Zionists wanted to take advantage of the principle of divide and rule. It further

investigates the situation of the Iraq-Syria relationship and that of Iran and Syria. Also in that document, the Zionists describe their incorrect analysis of the situation of the Kurds and the Leadership of Imam Khomeini.

The fourth, fifth, sixth, and seventh documents all show exchanges of information between the Mossad and the CIA to subjugate the oppressed people of the region. The seventh document was dated Nov. 3, 1979, one day prior to the seizure of the U.S. Den of Espionage by the Moslem Students Following Imam Khomeini's Line.

The eighth document concerns the Zionists and the CIA plots towards Iraq.

Finally the last document depicts the meetings taken place among the one-time Zionist defense minister Moshe Dayan, and Iran's then deputy war minister, Tufanian.

In that meeting, Tufanian said to the now defunct Dayan that the now defunct shah was worried about the new Zionist regime's policies and hence had made Tufanian speak to Dayan about it. Tufanian said the defunct shah was aware of the obstacles the PLO and other similar "Palestinian terrorist organizations" erected in the path of peace, and had further recommended that the Zionist regime conduct negotiations with neighboring countries and

not with terrorist organizations. They also examined the plan to construct 155-millimeter howitzers made by the Zionist regime, which was "very appealing to the shahanshah". In that meeting it was announced that the defunct shah was very willing to develop Iran's relations with his Zionist regime. Other documents relate to the Zionist regime's officials' letters of appreciation to the Iranian officials, such as Tufanian for their "cooperation and kindness."

The last document covers the discussions between the Zionist defense minister Weizmann, and Tufanian and some other Zionist officials, who spoke on bilateral relations.

In general, these documents are not even a drop of the oceans of CIA-Mossad cabals to counter the Islamic Revolution of Iran and the wronged Iranian and other peoples of the Middle East. These documents have been placed together by the efforts of the students after they had been shredded by the U.S. spies upon the seizure of the so-called embassy.

It must be noted however, that Tufanian is among those generals of the shah's regime who pocketed billions of dollars in arms deals with U.S. and other western companies, and is now enjoying political asylum in the U.S.

## 'PRAVDA' REVIEWS STATUS OF SOVIET-IRANIAN RELATIONS

Moscow PRAVDA in Russian 9 Mar 82 p 4

[Article by Pavel Demchenko: "USSR-Iran--In the Interests of Good Neighborliness"]

[Text] The victory of Iran's revolution in 1979 was one of the most important events in international life in recent years. The revolution greatly changed this country's life and its position in the international arena. The newly formed republic decisively refused to play the role of U.S. military and political ally and imperialist gendarme in the oil-bearing region of the Persian Gulf, left the pro-U.S. CENTO pact and joined the ranks of nonaligned nations. The newly formed republic announced that it would be among the nations fighting against colonialism and Zionism and for freedom and independence.

It is natural that the Soviet Union warmly welcomes positive changes in Iranian policies since this expands the area of similar positions our two countries hold in the international scene and also prepares the ground for the expansion of relations between them on the basis of true good-neighborness. It should also be pointed out that the Soviet Union is not seeking any speical rights or advantages for itself in Iran and has no territorial claims on Iran, but it also wants the peoples of the two countries to coexist peacefully and have friendly cooperation to the advantage of both sides. In the report by the CPSU Central Committee delivered to the 26th party congress, it is stated: "The people of Iran are searching for their way toward freedom and prosperity. We heartily wish them success in this endeavor and are prepared to expand our good relations with Iran on the basis of equal rights and, of course, on the basis of reciprocity."

Now that 3 years have passed since the fall of the shah's regime, the end of the era of U.S. rule in Iran, and when many negative elements in Iranian foreign policy have been eliminated, it seems that the widespread possibilities for expansion of Soviet-Iranian relations should have become a reality. However, let us look at reality. If we look at commercial and economic relations, we see that figures on such relations are impressive and speak for themselves. We need mention only one figure: Exchange of goods between our countries last year was R800 million (more than \$1 billion). Construction projects in many production and economic units are being established in Iran with the

participation of Soviet experts and are equipped with Soviet machinery. Many production facilities previously built in Iran with Soviet cooperation are operating. The Esfahan steel mill, the biggest steel mill of the Iranian metal industry which has control over iron and coal mines, is one such industrial unit.

The discovery of these mines and their preparation for production were also carried out with the aid of Soviet experts.

Iran is repaying loans granted to it by the Soviet Union and expressed willingness to further expand commercial and economic relations with the Soviet Union. Energy Minister Ghafuri-Fard, who was in our country recently, carried out negotiations and signed a protocol on the expansion of cooperation between Iran and the Soviet Union.

It is clear that such willingness is to the advantage of both countries. In short, irrespective of problems that are faced and regardless of some unsolved problems, work in this area is in general not bad. The natural possibilities that exist in this field of cooperation are becoming a reality even though it is coming about somewhat slowly.

Unfortunately such a claim cannot be made about other areas of Soviet-Iranian relations, which have been harmed in the past 2 or 3 years. Let us cite a few facts. The official Iranian authorities, taking unilateral action, reduced the number of diplomatic employees at the Soviet Embassy in Tehran, and the consulate in Rasht was completely closed. Soviet journalists are no longer granted entry visas. The Society for Soviet-Iranian Cultural Relations and a Russian-language teaching facility at this society have been closed.

The activity of the Iran-Soviet Bank, branches of the Soviet insurance organization and the transport service has been ended. We should also not ignore the point that such actions by the Iranian authorities are carried out in the atmosphere of severe anti-Soviet propaganda that is stoked constantly. An example is the slogan of the two threats--from the north by the Soviet Union and from the south by the United States. Clearly equating Soviet and U.S. policies only adversely portrays the policies of our nation and ignores the reality of international events.

It is important at this point to mention the famous message "To All Muslim Working People in Russia and the East," one of the first documents issued by the Soviet Government in November 1917. Here it is stated that the imperialism-prepared "treaty on the partition of Persia has been torn up and destroyed." We can additionally point out that this action by the newly formed Soviet state helped Iran maintain its endangered independence.

However, we only wish to look at the evidence and truth of recent years. In the autumn of 1979 when the monarchy was falling in Iran, the foreign press published reports concerning U.S. preparations to invade Iran. Our leader, Leonid Brezhnev, warned that no intervention is allowed in Iranian affairs. This warning was like a cold shower on the hotheads in Washington.

About a year later the U.S. Government, which was very angry over its defeat in Iran, imposed an economic embargo on Iran. U.S. naval forces surrounded Iranian ports in the Persian Gulf and thus caused considerable damage to the

Iranian economy and created problems in securing food for the nation, as well as many other goods essential to Iran. Not only did the Soviet Union condemn these actions, but it also granted Iran transit facilities through its roads and waterways and thus reduced the level of damage suffered by Iran due to the U.S. economic embargo.

Finally, we look at another example from the not too distant past. It is assumed that everyone is aware of the decisiveness shown in the Soviet reaction to the abortive U.S. attempt to land forces in Iran in April 1980 under the pretext of liberating the hostages. The hostages have been back in their homeland for some time, but the U.S. naval force continues to patrol close to Iranian shores and reminds the Arabs and Iranians that they are not safe from the danger of new attacks and aggression. In fact, Washington does not hide its desire to recapture at least some of its lost positions in Iran, if not all of them.

This is the truth about facts for which there is no complete list. Comparing such facts, it can clearly be concluded that the policies of the Soviet Union and of the United States toward Iran and its revolution differ greatly. We see how baseless the claims about the "threat from the north" are. Such claims at times gain such intensity that the people who have been misled by anti-Soviet propaganda attempt aggressive demonstrations in front of the Soviet Embassy in Tehran and other places. The Soviet Muslim delegation invited to Tehran on the occasion of the third anniversary of the Islamic revolution was forced to leave the official celebration held on this occasion because hostile slogans were chanted against our country.

Naturally the question comes to mind: Who benefits from this? It seems that there are a few among the Iranian leadership who are opposed to good-neighborly relations and cooperation between our countries. We know that the Shi'ite clergymen who hold the reigns of government in Iran are not uniform in their political beliefs or social positions. There are various conservative factions in operation around the leader of the Iranian revolution. Ayatollah Khomeyni, which include groups with extreme right views. It seems that it is these groups who want to put up obstacles to the expansion of Soviet-Iranian relations, even though such action could harm the Iranian economy and Iran's ability to fight imperialist pressure.

In order to explain the hostile acts and remarks by such forces, the thesis that Islam and communism cannot coexist is voiced more than any other. This is a pompous claim totally inappropriate to international relations.

The bases of peaceful coexistence supported by Iran are the bases of cooperation among nations irrespective of differences in social and political system, ideology or religion. This does not stop establishment of good relations when the sides have no intention of intervening in other people's internal affairs.

Emphasis on the so-called Afghanistan problem and the presence of the limited Soviet military contingent in that country is also futile. The DRA Government for the first time in May 1980 and again in August 1981 referred to the

governments of Iran and Pakistan and suggested that relations with each should be normalized. To achieve this end it was suggested that bilateral or tri-lateral negotiations be held with possible participation by the UN secretary general or his representative. However, to date neither Pakistan nor Iran has replied to these peace initiatives. The sooner this is achieved, the closer the reality of normalized relations between Afghanistan and Iran and Pakistan will become.

With reference to the presence of the Soviet military contingent in the DRA, it is sufficient to say that it is there at the request of the legal government of the DRA and it is only that government that can decide the need or lack thereof for such a presence. It is obvious that only when intervention in the DRA's affairs in any form, including intervention from Iranian soil, is ruled out will the necessity of this presence be over.

Thus an analysis of Soviet-Iranian relations shows that there are both positive and negative elements and that so far not all the possibilities for wider cooperation between Iran and the Soviet Union, which would be in the national interests of both countries, have been explored. The Soviet Union, as in the past, supports the Iranian revolution and supports the legitimate rights of the Iranian people to the independent choice of their future and the independent use of their natural wealth. The aim of Soviet policy toward Iran is to strengthen the foundations of mutual coexistence on the bases of true equality of rights and mutual willingness to act.

CSC: 4600/394-E

## RELATIONS OF ARMY, CLERICS ANALYZED

London IRAN PRESS SERVICE in English No 65, 1 Apr 82 pp 1-3

[Text] That Iran's armed forces had secured some kind of a victory since Nowruz in their war with Iraq was evident this week. But the circumstances, especially the mullahs' insistence on directing the campaign over Tehran radio from a safe distance, mystified many observers.

Once again there were suspicions that something was being orchestrated to either divert the attention of Iranians from their immediate problems at home or to prepare the way for a peace settlement. When Saddam Hussain, the Iraqi president, confessed on Tuesday that his forces had made some strategic withdrawals the propagators of the imminent ceasefire theory nodded their heads knowingly and forecast once again a settlement could be within sight.

Announcements on Tehran radio on Monday repeatedly told "the armed forces and revolutionary guards in the south and west of the country (at the war front) to start their coordinated action at 20.00 hours tonight to conclude the offensive." This seemingly gave the Iraqis several hours to prepare themselves, too. This must have been the first time in history a government had been so solicitous enough to give its enemies such fair warning of its intentions.

Not unnaturally widespread scepticism about the seriousness of the Iranian efforts at the front was aroused. Were the Iraqis conniving at a spurious Iranian victory that would satisfy the mullahs' pride and allow them to go to the negotiating table? Or were they so powerless to destroy the fanatical guards and hezbollahis that they concentrated on just holding to what they regarded as important and so provided the mullahs with a limited victory that could encourage the Iranian public to accept yet one more rejection of Baghdad's peace overtures? These were the questions being asked, as yet one more Islamic peace mission, so its promoters claimed, had been given permission to go to Tehran.

Even "western defence experts," of the kind quizzed by the BBC and other western radio and newspaper correspondents, could come up with nothing better than an assessment that Iran had achieved a limited victory but had not won the war by any means.

Tehran observers were also sceptical about foreign claims that schoolchildren between 12 and 15 had been sent to the battlefield to be used as human waves against the enemy. "It may have been," said one Tehran, "that some kids went to the front of their own volition over the holidays and joined up with older fanatics who sought to become martyrs. But these stories are being wildly exaggerated by opponents of the regime, with the resulting effect that little credence is given to the true stories they put out about the excesses of the mullahs' regime. These are bad enough without exaggerations."

Meanwhile, for close observers of military affairs in Iran there was significance in the references in the announcement on the fighting by Tehran radio to "joint units of the army and revolutionary guards." In recent weeks there has been serious anxiety among the officer corps of the army, gendarmerie and the police over the regime's decision not to grant promotions due to them. Specifically, it was made clear to majors and lieutenants-colonels that rather than be given promotions they would be retired from service. Senior police officers in particular are under pressure to retire. Some officers have sought to forego their promotions in a bid to stay in the force.

The theocratic regime has previously made it clear that the Iranian army "needs no generals." In one of his recent speeches Khomeini said his regime was immune to coup attempts by the army because there were no generals. At present the only known serving officer who is above the rank of colonel is General Ghassem Ali Zahir-nejad, a former gendarmerie officer who was made a brigadier-general by Khomeini and who is now the chief of joint staff. The defence minister and the commanders of the air, ground and naval forces are all colonels. So are the chiefs of police and gendarmerie. Under the previous regime there were at least five full generals, two dozen or so lieutenant-generals and close to 200 major and brigadier-generals for an army which was then 400,000 strong and for one of the best equipped air forces in the region.

Apart from the question of promotions another bone of contention between the army and the mullahs is the breakdown of discipline and the command structure. Soon after their rise to power the mullahs of the Khomeini camp encouraged NCOs to defy junior officers' orders and in turn encouraged junior officers to defy and humiliate senior officers. Worse, they placed young theological students and gun slingers at command posts in the army to supervise the work of the professionals.

The third problem is the mullahs' contempt for human life. Khomeini and his henchmen openly tell the officers and the men that the casualty rate is their last consideration. They say that the Islamic regime needs martyrs. In December a mullah at the Bostan front sent 90 revolutionary guards to walk across a minefield to explode the mines and clear the way for the next phase of the attack. This was ostensibly done because there was no mine detection and clearance equipment, but also to humiliate the professional soldiers. But to the seasoned officers and other ranks the episode showed them all too clearly that Khomeini had no respect for their lives. After all, before the revolution there was a wealth of sophisticated equipment.

Indeed, many army officers hold Khomeini responsible for the destruction of valuable equipment and his failure to obtain weapons now to equip the army in its hour of need. The professionals know that lives could have been lost more sparingly had Khomeini been able to buy weapons. They insist Khomeini's regime is chiefly to blame for Iran's isolation at a time when it is attacked by an aggressor. They also dismiss as rubbish Khomeini's claim that Iran's isolation and the hardship it imposes on the army is a necessary factor in continuation of the revolution. After all, they point out, the Shah, so much abused by the mullahs' propaganda, had a foreign policy which enabled him to buy arms from the West, East, South and North. Now, the mullahs buy inferior arms at several times the normal prices and lose many millions of dollars to dealers, smugglers and thieves, they add.

In spite of these resentments among the professional soldiers they nevertheless have done a good job of fighting. Embarrassed by the way the mullah-controlled office of coordination of war propaganda puts out news bulletins, they are also unhappy to be seen as unable to beat a basically inferior enemy; but they have shown their country comes first when the chips are down. The professionals also oppose the Mojahedin and their leader Massoud Rajavi, who led the attack by Palestinian and Lebanese gangs on army barracks on February 12, 1979, when the army had been sent back to barracks following a deal between Khomeini's "shadow" premier Mehdi Bazargan and the late Shah's last chief of staff, General Gharabaghi. On that day the armed gangs are said by some sources to have killed some 2,000 soldiers and officers. Then the Mojahedin hunted down some 500 officers, handing them over to the mullahs for execution. Many officers have vowed to avenge the Mojahedin's treachery.

CSD: 4600/407

## ARAB RELATIONS WITH IRAN FACE 'GLOOMY FUTURE'

London IRAN PRESS SERVICE in English No 65, 1 Apr 82 pp 3-5

[Text] Israel is supplying arms free to the Iranian armed forces in what is seen by observers as an effort to cash in on growing anti-Arab feeling in the country. And not only is Iraq's war with Iran tying up one of Israel's most implacable enemies but Tel Aviv also sees its own gestures of support for Iranians now as credit built up with any new regime which takes over in Tehran.

"Iranian resentment of the Arabs goes back 1500 years, to the day of the Arab invasion and the fall of the Sassanian empire," a retired Iranian diplomat told IPS this week. "The Arabs have traditionally been blamed for dealing a fierce blow to true Persian (Iranian) culture and civilisation and subsequently claiming much that was Persian as their own."

"This resentment has never really dissipated and the war with Iraq and the support given their enemy by their other Arab neighbours has brought it out in new intensity. The Israelis are shrewd enough to see the scope the present situation provides for them to exploit this age-old animosity for their own benefit."

The resentment of Iraq has also revived the anger which many Iranians felt towards the Palestinians and other Arabs who helped the extremists to take power in Iran and who are thus, rightly or wrongly, blamed for the many problems which ordinary Iranians now find facing them. The Palestinians' failure to condemn Iraq at the start of the war did not help improve their popularity. A number of attacks on Palestinians have been reported from Iran over the last 12 months. A tendency on the part of Iranians to always blame their troubles on foreigners has encouraged this ill-feeling towards Arabs even among those who saw them as helpmates at the time of the 1978 uprising.

That the mullahs who control Iran are aware of this feeling is obvious from their constant threat to carry their revolution to the Arab countries. They undoubtedly share the common feeling of all Iranians that their culture and civilisation are superior to that of the Arabs and that the world should see that the true Islam is really Iranian in character and Shiite Iranian in particular. Although Mohammad, an Arab, first spread the gospel, his Islamic era was not as perfect as that in Iran today, Khomeini has pointed out only recently. The implication is inescapably that Khomeini and his colleagues have improved considerably on Mohammad's efforts.

As scholars have pointed out religious fanaticism and concern with religion and mysticism date back to much earlier than Islamic times in Iran. From Achaemenian times until the arrival of the Arabs there were countless burgeonings of new faiths and of imported ideas exciting support. The invaders of Iran after the Arabs each incited some new burst of cultural activity and change; the impact of the Arab faith and the Iranian reaction to it sparked off a revival of Iran's own great culture that paid lip service to Islam but was in fact purely original Persian in essence. And much later in the 19th century the impact of another alien culture, that of the Western world, was on the threshold of sparking off yet another great Iranian revival when conservative forces allied with disruptive ingredients in that invading culture to stop it in its tracks.

Having dealt with the disruptive elements, i.e. the leftists and liberals, Khomeini is now intent on "civilising" the Arab countries in return for the gift the Arabs brought Iran so many centuries ago. Having given Islam the final polish of Iranian Shiism he wants to make sure its benefits reach out to the whole world. As his president, Ali Khamenei, told a group of Iraqi fissident clergymen this week, "Imam Khomeini's leadership and the velayat-e-faghah do not observe frontiers. He is the leader of all Muslims in the world, Sunnis and Shias, and it is wrong to regard him as only a Shia leader."

The Israelis, having remained silent on the reasons why they remained so inactive while they watched the Shah slide to his doom, now claim that they are supplying Iran's armed forces with weapons so their leaders can make a coup at the right time. That may be so, for they know that would mean a regime in Iran which would be friendly towards Israel. In the meantime, however, they also hope to keep the Arabs' attention and money, as well as any military might they can boast, devoted to fighting the war with Iraq. Tel Aviv has taken a marvellous insurance policy. While the war goes on it is weakening its opponents--if it ends it has a good chance of events supplying it with a powerful new ally against the Arabs in a strongly nationalistic regime in Tehran.

"Don't forget," the diplomat pointed out to us, "that the Israelis used their exceptional knowledge of the Iranian mentality and the country to build up very close and profitable relations with Tehran under the Shah. That is something no Arab country, even Egypt, was able to achieve. And the Israelis know just how to touch the button to spark off even more resentment against Arabs when they need it. Like the Russians, who have their own former Iranians like the Azarbaijanis and Tajiks, as well as other orientals to enable them to interpret the oriental mentality in a way the West can never do, the Israelis have their own other oriental Jews to help them do their work."

That the Persian Gulf Arabs at least are now aware of this threat is clear from their vociferous campaign to denounce the threat that Khomeini's regime poses, and at the same time to build up pressure for the war between Iraq and Iran to end. Saudi Arabia, which has offered to finance some of the reparation bills that will result from the war, has this week denounced Iran's plans to dominate the region once again. Interior Minister Prince Nayef said that when Iran had said it did not want to be the policeman of the Gulf it was never after its bid to organise a coup in Bahrain that it had become the policeman of the Gulf."

The Saudi rulers have particularly good reason to fear Iran. Not only are the Khomeini mullahs determined to unseat the House of Saud if they can, but any leftist alternative to them, such as the Mojahedin, would inevitably pursue a similar policy. While Mojahedin leader Massoud Rajavi has been trying to give the impression of some political maturity since he arrived in Europe his closer supporters have never disguised the fact that their aim, if they reach power in Iran, would be to spread the radical revolution throughout the Middle East. In Europe the Mojahedin has placed itself without hesitation into the framework of the extreme left and anarchist groups who are for worldwide revolution so the recent efforts to identify themselves with the centre are obviously no more than expediency.

But the establishment in Iran of a purely nationalist government, too, is unlikely to put Tehran and Riyadh on lovey-dovey terms for a long time, too. For resentment of the Arabs following the war with Iraq is also widespread among all Iranian exiles. These latter also blame the Palestinians and other Arabs for their misfortunes since 1978 and are thirsting for some revenge. Predicament of the Saudis is demonstrated by the fact, however, that the return of a monarchist or simply a nationalist regime is still the most advantageous change that Riyadh can hope for.

Thus Riyadh must fervently hope that the war will be over soon and the Arabs can start mending their fences with whoever is in power in Tehran. Much further delay offers the alternative of an Iraqi collapse and the spread of Khomeini's fanaticism into the Persian Gulf heartland, or the coming to power in Tehran of a secular regime feeling a great sense of vindictiveness towards all Arabs. Armed with the sense of power resulting from their defeats of the Iraqis this latter kind of regime could put constant pressure on the Gulf states. If that regime enjoyed good relations with Tel Aviv the implications could be very serious for the Persian Gulf region Arab states, already facing the threat of subversion from the hardline Arab states and their own religious fundamentalists.

"It's no wonder the Saudis are pursuing such an aggressive policy on regional politics and oil these days," the Iranian diplomat commented. "They can see a number of nightmarish alternatives facing them. And while Khomeini is happy to treat with the devil to try to guarantee his survival Israel is one devil the Saudi royal house cannot entertain if it wants to retain its position. The Israelis, not noted for their scruples in any situation, are fully aware of that."

CSO: 4600/407

## OPPOSITION GROUPS CONTINUE TO TAKE TOLL

London IRAN PRESS SERVICE in English No 65, 1 Apr 82 pp 5-6

[Text] The opposition's campaign of elimination of Khomeini's middle rank officials continued in Tehran last week. While gun-toting young mullahs were leading a procession of about 150 hezbollahis along Shahbaz Avenue, suddenly two cars approached and volleys of submachine gun bullets mowed down several of them.

In a separate incident two merchants believed to be relatives of former prime minister Mahdavi-Kani were also killed by unidentified gunmen. This followed reports of attacks on warehouses in southeast Tehran where imported rice and other foodstuffs were stored. The regime's papers said that the attack was mounted by "looters."

Meanwhile, in Tabriz, the administrative centre of East Azarbaijan, unidentified opposition groups were reported to have destroyed the main office of the Islamic Republican party and kidnapped two young men, believed to be agents of the Tudeh party, who are attached to revolutionary courts.

There are also reports of renewed unrest in Mazandaran province on the Caspian sea coast. In the town of Amol, scene of a recent bloody gun battle, attackers alleged to be monarchists have killed several youths belonging to the Fedayeen-e-Khalq (majority) who support the regime.

Afghan sources say political and ideological commissars in the armed forces are also under attack. Last month the chief ideological commissar of the navy, Captain Islam Mohammad Chavoushi, was killed in an ambush. Since then the communists travel in civilian or vehicles with no markings.

## SERMONS, FANATICISM REPORTED NORMAL TEHRAN FAKE

London IRAN PRESS SERVICE in English No 65, 1 Apr 82 pp 9-10

[Text] "The leader of the revolution added that the millions of strong masses of people were so laudable that one could venture to say that such a situation has never occurred before in history...The Imam added that the Ulema should admonish the people."

Taken from the main story in the English language daily Tehran Times this is typical of the fare now being served to the few diplomats and foreigners remaining in Iran, who have to rely on this source for their information on what is happening in the Islamic republic.

The four-page successor to the formerly thriving Kayhan International and Tehran Journal dailies, which in their heyday sold in the tens of thousands of copies each morning, usually features official speeches on the front pages, together with pictures of Khomeini where the late Shah used to be. Page two is usually news of the war and commercial deals which are signed but never seem to actually happen, together with fabulous loans and other help supposedly being given to farmers from the government's virtually empty exchequer.

The third page is made up largely of sermons, ancient and modern, and page four of snippets of foreign news. Similar dull fare is offered to readers of the Persian language papers--only they get even longer sermons and speeches.

But much of what is incoherent in the speeches of some of the country's prominent officials is made even more so by the translators and sub-editors of the Tehran Times. It must, though, provide a little brightness for the readers as some relief in the rather drab lives they must lead in the funless Islamic republic.

If there were no eggs for breakfast on the morning of Mar 11, then it was some consolation to read the Message of Today on "Fatemeh (A.S.)--the woman history will never have." This was part of a series on the good lady, who like other reverent persons bears the abbreviation "A.S." for a pious greeting or exclamation after her name, while the Prophet Mohammad himself always gets "SAW"--a salute to Mohammad and his followers.

Thus we learn that "Fatemeh (A.S.) had to face several misfortunes and sorrows. She used to see her father, the Prophet (S.A.W.) covered with blood and dust as

he returned home after preaching to the people to accept Allah's will." (They obviously resisted!)

"Hazrat Fatemeh grew gradually. Noblemen wanted to be honoured but the Prophet told them, "Fatemeh's marriage will take place at the command of Allah. I am waiting His command.

"And Allah had chosen Imam Ali to wed Hazrat Fatemeh. Ali (A.S.) reined in his camel and trudged to Prophet Mohammad's (S.A.W.) abode. After a brief consultation with Fatemeh (A.S.) Mohammad (S.A.W.) turned to Ali (A.S.) smiling and asked, "Have you saved anything for the marriage?" And so it went on, taking up a big part of the front page while the war and other important events were squeezed into brief columns on page two.

But as in the days of the Shah, the officials insist and the journalists in their sense of preservation decree, that Khomeini's remarks, even when only half a dozen paragraphs as on this day, should get a banner headline and pride of place on page one.

"Volunteers for martyrdom in war today more than during time of the Prophet (SAW) and Ali (AS)," the paper cries. Khomeini told a gathering of Ulemas that "today the volunteers wanting to go to the battlefields are accepting to embrace martyrdom in such a whole-hearted way that this was unprecedented even during the period of the Prophet Mohammad (S.A.W.) and Hazrat Ali (A.S.). It is mentioned in the Quran that when the Prophet used to invite people to war, they did not obey and were providing excuses to postpone the event for another day or talked of either cold or hot weather." (Those types still exist--but they're in exile at present).

The use of the S.A.W. and the A.S.--and even the full stops--seems quite arbitrary. It has its absurd side--but the fanaticism this cynical use of religious fervour contrives to whip up is leading to the loss of thousands of precious Iranian lives.

Another edition of the Tehran Times reported stories allegedly told by revolutionary guards who had returned from the front. They were spine-chilling in their naivety.

One told of a party going forward towards the Iraqi lines in an armoured vehicle. Suddenly a cow ran past the vehicle and went ahead of it. The startled guard saw it blown to bits by a mine on the road ahead. "Allah had sent it to act as our AWAC plane," the guard told the newspaper.

Another guard reported that at Bostan, where a battle took hundreds of Iranian lives, every guard wanted to volunteer to walk across a minefield and explode them at the cost of their lives so that their colleagues could move onto the attack. So it was finally decided that they should all line up and race to the mine field. The first 90 to get there were blown to bits, the guard said . . . . . , sacrificing themselves so the others could cross.

In the newspapers and on radio and television the same stories are fed incessantly to the people to try to preserve the fanatical desire for martyrdom that the mullahs and even groups like the Mojahedin-e-Khalq continue to keep alive.

A recent edition of the weekly publication of the Mojahedin "congratulated" Kazem Rezai, the leftist activist who lost four children in battles with the Shah's men, on losing a fifth child, the wife of Mojahedin leader Moussa Khiabani, in the revolutionary guards' attack on a hideout in Tehran. Rezai replied that he was ready to sacrifice his other 11 children if need be!

CSO: 4600/407

## INTERNAL POLITICS, RELATIONS WITH USSR CRITIQUED

Zurich NEUE ZUERCHER ZEITUNG in German No 82, 9-10 Apr 82 p 4

Report from Beirut by A.H.: "Iran Under Control of Clerics -- Power Structure Under Khomeyni"

xt7 The Soviet Union normally refrains from any statement that could be interpreted by the leaders of the Iranian revolution as interference in their country's internal affairs. On 9 March, however, PRAVDA broke this rule and published an article on Soviet-Iranian relations that also attracted attention abroad. The article complains of an attitude that is not pro-Soviet on the part of certain elements among the leaders of the "Iranian revolution." It refers to the support for the revolution that the Soviet Union has provided and continues to provide, chiefly in the economic sphere, and it makes clear that political reasons are what make even greater aid to the Teheran regime improbable.

PRAVDA writes that the various measures that had been taken against Soviet diplomats, journalists, the Russian-Iranian Bank, the Soviet-Iranian Friendship Society and similar institutions had been accompanied by "intensive anti-Soviet propaganda." The Soviet paper complains in particular about the equating of Soviet policy with U.S. policy. This is a reference to the well-known Iranian propaganda formula which considers the United States the "great devil" and the USSR the "lesser devil."

## ENCOURAGEMENT FOR "PROGRESSIVE" IRANIANS

The purpose of the PRAVDA article becomes clear when one reads that the Shiite clerics are "homogeneous" with respect to neither class affiliation nor political views, and that Khomeyni is surrounded by various "small groups of conservatives," some of those on the extreme right. The article says that these "small groups" are still working toward disrupting Soviet-Iranian relations. The Soviet Union has abandoned its restraint apparently to make clear to the Iranian revolutionary leaders that Soviet support in the war with Iraq depends upon whether the tone is set by the more leftist or the more conservative circles within the revolutionary leadership.

Arab reports that can be read in the Arab press concerning events in the neighborhood to the east clearly reveal that a hidden power struggle is being waged in the shadow of the official fraternal ties that bind revolutionary Islam.

Virtually all Arab observers agree that a certain faction-building process is taking place, factions that are variously described -- depending upon the reporter's bias -- as "progressive" and "conservative" or "pro-Soviet" and "xenophobic," or even as "radically revolutionary" and "moderate." However, particularly the better-informed among Arab analysts of the Iranian revolution add that these currents are not a matter of programs that would be played off against one another, but rather of political groupings that are forming loose alliances in order to gain power and influence. All of these individuals and groups profess to follow Khomeyni and the "Policy of Islam" -- of which they and their friends claim to be pure representatives -- while charging their antagonists with "deviations" from this policy.

#### Cutsides

In addition to power struggles within the scope of the "legality" that always refers back to Khomeyni, there is also the grimly persecuted underground opposition of the "Mojahedin," as well as other more or less Islamic and leftist-oriented groups and an underorganized -- or unorganized -- "middle-class" opposition that takes in nearly all professionals and intellectuals with a modern education, unless they already belong to leftist groups that operate from the underground. Counted among the fringe groups is the Communist -- or Tudeh -- Party of Iran. Although this party also professes to follow Khomeyni, acknowledges him to be the leader of the Iranian revolution and pledges its allegiance to him, it is still not recognized by Khomeyni and the clerical leaders as an arm of the revolution.

#### "Radicals," or Social Reformers

Leading groups are most easily identified through their leaders. The apparent leader of the "revolutionary" forces -- who are described as people who care about "social reforms," and who simultaneously would like to intensify cooperation with the Soviet Union -- is the president of parliament, Hojjat ol-eslam Hashemi Rafsanjani (Hojjat ol-eslam is a lesser title than ayatollah). His comrades-in-arms are Ayatollah Meshgin, who is in charge of the Revolutionary Guards; Prime Minister Hossein Musavi; and Kho'ini, the cleric who led the "students" who occupied the U.S. Embassy. Ayatollah Montazeri, who had long been considered Khomeyni's designated successor, belongs on the fringes of the same movement, as a "moderate." Khomeyni himself, who intends to remain above the groupings, is often described as tending in this direction.

#### The "Conservatives"

President Khamendi is said to be the chief of the moderates, who want to retain the existing social system; their reasoning is that the system is sanctioned by God's law (the Sharia, as the Shiites call it). Representatives of this group take advantage of every opportunity to point to Afghanistan in order to reject cooperation with the Soviet Union and to make the USSR out to be just as bad as the United States. But Khamendi appears to be maintaining a certain distance between himself and the conservative forces. There are observers who describe as the real leaders of the more conservative movement not Khamenei, but "the grand ayatollahs" like Seyyegani, Mar'ashi Najafi, Qomi and others. These observers say that Khamenei cooperates with them only occasionally, in pursuit of his own aims. In any event, it is known that Khamendi, after his election to the presidency, nominated for the

out of prime minister the present foreign minister, Velayati. This move failed to satisfy of parliamentary opposition led by Rafsanjani. The latter also succeeded in having Moussavi installed as head of the government on 29 October 1981, with Velayati having to content himself with the position of foreign minister.

Exerting a major influence on the "conservatives" are numerous clerical groups, many of which were already in existence before the revolution. Among them are the "right Servants of God," who constitute a subgroup of the Hojjatieh organization; they were already in existence at the time of the shah and have made the persecution of the Baha'i sect one of their main activities.

#### Social Change and Struggle Over Succession

The most important point of dispute between the two groups is the question of social reform, which also includes land reform and nationalization of the import trade. Here it is a question on the one hand of respecting the right of ownership as expressly recognized by the Sharia, which the conservatives hold in high esteem, while the reformers and social revolutionaries point to a "revolutionary" necessity in order not to disappoint "the people" in their hopes and expectations. The second point is that of succession to Khomeyni. The constitution contains guidelines for elections, but it depends upon how they are interpreted. For instance, it says that the state should take over (and distribute to the needy) estates that have passed into the possession of the unworthy as a result of wicked acts. The text lists the following such deeds: the use of force, bribery, theft, exploitation of property handed down to religious institutions or of common property, as well as the sale of fallow land. (According to Islamic law, only cultivated land can be private property.)

In the issue of succession, the constitution specifies that a council of experts must be elected, which in turn selects a "Guidance Council of the Islamic Republic" in the event that there should be no single individual worthy of succeeding Khomeyni. This latter condition appears to exist at present. However, whether the council of experts can be considered to have been elected -- as was reported some weeks ago -- is in dispute because the constitution mentions a plebiscite, and one has not been held. The council of experts that was not elected by the people is apparently in keeping with the wishes of the "conservatives" that it be composed of the three grand ayatollahs -- Montazeri, Mar'ashi and Golpayegani -- and President Khamenei. The revolutionary representatives do not appear to approve of this, however.

There are proposed laws on land reform and on nationalizing the import trade. One of the commissions called for in the constitution -- the committee of drafting of the Constitution -- rejected these proposals because they were in conflict with ownership as guaranteed in the Sharia. They have now been reformulated -- in the opinion of the reformers -- the right of ownership remains intact. The commission began debating the draft land reform bill on 3 March.

The 12-member council of guardians of the constitution is being named by Khomeyni, and half by the Supreme Council of Courts. Khomeyni has used his influence to make sure that a majority of reformers is represented in both bodies. Revolutionary, reliable sources in Teheran report the existence of a strong group working to see that a majority of reformers is represented in both bodies.

and conditions of ownership until "after the war" with Iraq, meanwhile making decisions only on issues that cannot be put off.

During the winter it has been generally accepted in Teheran that the war will soon be brought to a victorious conclusion. It was even rumored that the leaders of the Revolutionary Guards had promised Khomeyni that victory would be won by 21 March, the date of the Persian New Year celebration. This optimism had developed as a result of the Iraqi setbacks outside Abadan and Bustan. But the Iraqis have now begun to counterattack, and victory appears to be farther off.

#### Khomeyni Remains the Reference

All observers agree that current rivalries will become much more explosive once the still dominant figure of Khomeyni leaves the political arena. The superpowers have already been drawn into this struggle in a certain sense, because one of the issues concerns the position that Iran should adopt vis-a-vis the Soviet Union and the U.S.R.

The war introduces an additional element into the power struggle. As before, the regular army officers are considered to be not particularly devoted to the regime. Many of them are said to still support the royal family. The Revolutionary Guards are the regime's real instrument of power. Their numbers have reportedly risen to 200,000, but the regular army has 1.5 million soldiers and intends to recruit another 500,000. Strong rivalries exist between the Guards and the army. Both appear to be developing weapons, with the competition focusing on medium-heavy weapons and aircraft.

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DD: 444/34

## DETAILS OF TURKEY-IRAN ECONOMIC AGREEMENT REPORTED

'MILLIYET' Report

Istanbul MILLIYET in Turkish 14 Mar 82 p 9

[text] The Turkish economic delegation which paid a visit to Iran received, on 5 March 1982, orders totaling \$960 million to be filled within 1 year and reached an agreement in principle on future development of areas of cooperation between the two countries. The Turkish economic delegation, led by Deputy Prime Minister Turgut Ozal, consisted of 17 representatives from the government sector and 150 businessmen.

According to information received from reliable sources, the 5 March agreement with Iran--details of which are provided below--is the biggest so far in export terms.

The trade negotiations, which were held in a constructive atmosphere of mutual understanding between official representatives of the two sides, were concluded by commission work by the businessmen and an agreement was finally signed.

Important provisions of the agreement are as follows:

--state and private organizations from both sides will participate in economic activity;

--the two sides will cooperate in the fields of technology, education, engineering and consulting;

--an intergovernmental "cooperation" commission formed to develop cooperation in various sectors; affiliated with this commission will also be formed to deal with matters pertaining to trade, banking, technology, agriculture, tourism and other issues.

The agreement will go into effect following ratification by both sides and will be automatically renewed each year unless terminated in advance by either side.

## Cooperation Areas

According to the agreement the two sides will do the following work in various areas of cooperation:

1. Payments for imports and exports between the two sides will be made from accounts held at the central banks of the two countries.
2. In the field of industry, mining and construction, the sides have agreed to complete construction of unfinished factories and to make new investments.
3. On issues of transportation and communications, agreement has been reached to establish direct air passenger service between Istanbul and Tehran, to ease telephone and telex communications and to develop land and sea freight transportation.
4. Iran will provide Turkey with 60,000 barrels of crude oil per day. This amount will eventually rise to 100,000 barrels per day.
5. Feasibility studies will be undertaken for the construction of a new oil pipeline.
6. Iran will provide Turkey with natural gas. Work will be initiated on this project. Also studies will be undertaken for a gas pipeline which will pass through Turkey and extend into Europe.

## Sales

The two delegations reached agreement on the type and amount of goods Turkey will sell to Iran in exchange for Iran's sale to Turkey of at least 3 million metric tons of oil per year. The agreement does not limit the quantity of goods to be sold and these quantities may be increased if necessary. Officials state that since the central banks of the two countries have taken on the responsibility of making the payments for mutual exports, there will be no risk of delays in transfer of funds.

Following is a list of Turkish goods which, according to the agreement, must be delivered by 5 March 1983:

## Economic, Industrial and Technical Cooperation Agreement

The Turkish side undertakes to deliver the following goods to Iran at competitive prices and in accordance with rules of trade:

## Finalized Sales

Product	Turkish <u>Supplier Firm</u>	Quantity	Amount
			<u>(million dollars)</u>
Sugar	Turkish Sugar Factories	200,000 metric tons	100.000 CIF North Iran

Product	Turkish <u>Supplier Firm</u>	Quantity	Amount
			(million dollars)
Sugar	Turkish Sugar Factories	100,000 metric tons	40.000 FOB
Wheat	TTMO <sup>1</sup>	50,000 metric tons	8.475 FOB
Wheat	TTMO	200,000 metric tons	34.725 FOB
Barley	TTMO	300,000 metric tons	50.050 FOB
Frozen meat	EBK <sup>2</sup>	15,000 metric tons	36.750 CIF Tehran
Frozen chicken	EBK	3,000 metric tons	4.905 CIF Tehran
Tractors	Turk Fiat	5,000 units	35.250 CIF Tehran
Tractors	John Deer 3140 Cukurova	2,000 units	29.600 CIF Tehran
Tractors	John Deer 2040	5,000 units	50.000 CIF Tehran

(1) Turkish Soil Products Office

(2) Meat and Fish Association Directorate General

It has been agreed to maintain the price of the steel products mentioned below constant over the next 1 year. The sales agreement signed on 5 March 1982 will be valid for 1 year.

Product	Price FOB (dollars/metric ton)	Price CIF Tehran (dollars/metric ton)
Steel Sections	265	365
Unformed steel bars	265	365
Reinforced steel bars	255	355
Galvanized pipe	443	543
Black pipe	347/367	467/569

The sides will study joint enterprises and will discuss the construction of silos in a Turkish region close to the Iranian border for delivery to Iran.

### Contract Sales

Below is a list of Turkish products on which agreement has been reached to export to Iran. The sale of some of the products has been finalized; the sale of the rest will be finalized in the near future.

Product	Value of Quantity of Product To Be Sold in 1 Year (million dollars)
Acrylic fiber for textiles	30
Raw materials for the textile industry	25
Steel sections	50
Steel bars	20
Plate and rolled steel	50
Galvanized and black pipe	35
Plastic pipe	20
Synthetic rubber	10
Heating materials	4
Thermoplastics	6
Synthetic powders	30
Chemicals	30
Electrical gadgets	32
Engine and machine parts	15
Wood and paper	14
Cement bags	2
Craft	5
Various tools and equipment	69
Margarine	27
Feta cheese	4.2
Frozen meat	24

Product	Value of Quantity of Product To Be Sold in 1 Year (million dollars)
Lentils	7
Animal fat	8
Equipment and engineering for grain silos	55.3
Sugar	140
Wheat	43.2
Barley	50.05
Frozen veal	36.75
Frozen chicken	4.90
Tractors	114.85
Total	960.25

Further Details

Istnabul GUNAYDIN in Turkish 13 Mar 82 p 4

[Report by Oktay Senguler]

[Text] Mehmet Okumus, Chairman of the Board of Okumus Holding, who was one of the members of the 400-man business delegation which visited Iran under the leadership of Deputy Prime Minister Turgut Ozal, said that all businessmen who went to Iran sold some goods. Stating that Iran is "a large market for Turkey," Okumus said that "Turkey will improve its condition thanks to Iran." Claiming the the trade with Iran will "benefit both the businessmen and the country," Ikumus said that his company has sold to Iran "textiles, yarn, textile products, raw and processed leather, shoes, underwear, parkas, beds and needles." Okumus added that the delivery of goods to Iran will , in around the end of March.

Stating that Deputy Prime Minister Turgut Ozal has been very helpful, Okumus said:

"We were provided with great facilities thanks to Ozal. The Iranians like him very much. They do whatever he says. In addition to holding official talks he joined our meetings with Iranian businessmen. He took interest in everybody's problems and helped to solve those problems. We were able to sell our products easily thanks to Ozal."

## What Are We Selling to Iran?

Food products: Meat, milk, eggs, chicken, various types of cheese, flour, wheat, olives, beef products, liquid and vegetable oils, chocolate, sugar products, cacao products, dairy products, tea, cigarettes, fruit juices, fruit concentrates, preserves, honey, chickpeas, lentils, beans, potatoes, rice, sugar, pasta products, crackers.

Industrial products: Tractors, spare parts for automobiles, tires, machine parts, refrigerators, washing machines, industrial coolers, radios, ventilators, various types of paint.

Textile products: Men's clothing, military parkas, jackets, shoes, under-wear, belts, leather clothing products, boots, military boots, sweaters, shirts, berets, hats, jeans, cotton products, yarn, buttons, needles.

Textile raw materials: Cotton, linen, hemp, related products, raw and processed leather, cloth, shoe soles.

Stationery: Notebooks, pencils, paints, school supplies.

Health products: Medical supplies (medicines and vitamins).

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CSO: 4654/230

## MAJLIS SPEAKER DISCUSSES FATE OF WAR, OTHER ISSUES

Tehran JOMHURI-YE ESLAMI in Persian 15 Mar 82 p 12

[Text] Mr Hashemi Rafsanjani, Speaker of the Majlis, during a talk on the fate of the war, said: "The fate of the war which you see in this world must be determined by force on the field of battle. The time has come for which the people of Khorramshahr and Qasr-e Shirin have been waiting. The forfeited cities have been retaken and we have only to do the work ourselves to put an end to the war. We will finish this job by force."

With regard to the bill concerning municipal lands, Mr Hashemi Rafsanjani said: "This bill, with the reforms that it contains, is on the Majlis' agenda and God willing, after New Year's Day, the Majlis' agenda will give the homeless and oppressed a New Year's gift." He then expressed the hope that this bill would be passed in the final hours of this year and that the government would be allowed to give land to the people who need homes.

#### Councils' Activities

Concerning the activities of the councils, Mr Hashemi Rafsanjani said: "This has had no effect on the outcome of the war so far. Of course from our point of view it has been somewhat useful in making the situation clear for us, although the gentlemen who are members of the councils have never made any judgments, because they have seen themselves as mediators. They maintain their neutrality and raise no issues in order to be able to have an effect on both sides.

The advent of these councils has shed a bit of light on the uproar Saddam and his supporters, the region's reactionaries and imperialists, have made. It has become clear that Iraq is lying and does not want peace, especially from the statement they made and their talk of arbitration, in which Saddam says that Iran should accept a cease-fire, Iraqi soldiers should remain in Iran, and we should negotiate. The world knows the meaning of negotiations. Negotiations could last years while forces remained in place on the ground. These people are somewhat useful.

#### The War's Fate

As for the fate of the war, I think that in this world we see it must be determined by force and on the battlefield. Therefore, just as I have said this evening, our combatants should rely on their own rifles. The moment has

now gradually arrived when the expectations of the people of Khorramshahr and Qasr-e Shirin have been fulfilled and they may reclaim forfeited cities and the people may return to their homes. If we wait for these councils to come and lead us back to Khorramshahr by the hand, I do not think either that Saddam has the courage to accept this nor that we want such a thing. We want the war to go on. In order to silence this war we must depend only on ourselves and finish the war by force.

#### Budget Bill for the Year [1982-1983]

He then said concerning the budget bill for 1982-1983: "I made my comments on the budget today in the Majlis and I spoke in support of the budget. In my view this is an advanced bill with respect to planning and budget writing. This will be the fourth budget that the Islamic Republic has enacted and there are truly a lot of positive points in this budget compared to previous years. The planning that went into it is striking. The element of planning and the economizing that has been possible is in many parts of the budget. Of course, due to the information we have obtained during this period on the country's situation and the authority that officials have acquired it is only natural that it should be advanced.

The Majlis representatives do have criticisms of the budget, which they have set forth in the Majlis. The budget is definitely not without its faults because after all human beings can make mistakes. To a certain extent shortfalls may have an effect on certain parts of the budget. Overall I believe that the budget is relatively appropriate for this stage of the revolution, especially considering the fact that we are in a war and have put a huge portion of the country's resources into the war. They worked very hard to draw up this budget."

#### Municipal Lands Bill

Mr Hashemi Rafsanjani then said concerning the municipal lands bill: "I think that the final days of the bill's time in limbo are passing. The bill was sent back after encountering two objections in the Guardian Council, and the Housing and Urban Construction Commission corrected these two objections, with the help of a new piece of guidance from the Imam. We now have it on this week's agenda and God willing the Majlis will present a New Year's gift to the oppressed and homeless before New Year's Day, and we will pass the reforms through the Majlis and send them to the Guardian Council. We hope there will be no problems in the Guardian Council this time because we more or less know what their views are. I really hope that our oppressed people will have this bill passed and in hand in the final hours of this year and the hand of the government will be opened to give land to the people who need homes."

At the conclusion of his remarks the Majlis Speaker spoke of Ayatollah Golpayegani's recent speech: "In my view it was a very useful and constructive speech. Insofar as I have had encounters with the Majlis representatives they are all satisfied too. There were many positive matters in the speech. First of all he gave a lot of kind and fatherly advice that was very useful for the Majlis. Secondly, he fully explained the Majlis' obligations as authorized by

the Imam in terms of the nation's needs. He clearly stated that anything authorized by the Imam must be accepted and is the truth.

Thirdly, he said that if the Majlis has been given obligations and these obligations are not carried out the Islamic Republic will be weakened. It is necessary that these obligations which have been stipulated be authorized and carried out. This exceeded our expectations of him. Also, he stated clearly with respect to theocratic rule of the chief theologian that he is in agreement with it, which was interesting from the standpoint of his followers and ourselves. Of course there are some issues to be raised in any case. One point that came up which was a mistake in my view was his complaint that the people are chanting death to those opposed to the theocratic rule of the chief theologian, because there are those among the mujtaheds [theologians], although they are remnants of an earlier time, who reject the concept of chief theologian to this extent. He was saying that one must not call for their deaths. The one subtle point, which a few devils may have kept him from noticing, is that the people are not calling for the deaths of those who deny the validity of the theocratic rule of the chief theologian, they are calling for the deaths of its opponents. This slogan is interesting. They may not have told him the circumstances of its use, which was during the time that Bani-Sadr and the People's Hypocrites [Mojahedin], the liberals and those people were in league against the Imam's line and against the theocratic rule of the chief mujtahed. They had mounted an insurgency. The people, with their own social conscience and feelings, began a campaign against this deviationist line. Certainly His Excellency Ayatollah Alozama Gulpayegani is strongly opposed to this line. This people's slogan was designed to bring it down, and its continual use was due to the continuation of their efforts.

Therefore there can be no opposition in his view. Fortunately we see no sign of the hypocrites today. They may be around but we see no sign of them to reject the theocratic rule of the chief theologian. There may be some unresolved issues surrounding it, such as what is the extent of the powers of this theocratic rule and is this theocratic rule the equivalent of the theocratic rule of the Prophet and the Imams or is it excluded from some matters. These issues are valid but I think everyone accepts the principle of the theocratic rule of the chief theologian and even the theocratic rule of the Islamic jurists in the country's public life. Overall we must say that it was a good speech. I say to him right here that the Majlis received and accepted his advice on the recommendation of the Imam who ordered that we be meticulous and consult with the experts.

He is a man of full discretion. He does not say anything carelessly, and we hope the devils will not be able to create any confusion in the minds of our religious authorities over Majlis regulations.

9310  
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SHARON SAID TO EXPLOIT AMERICAN INDUSTRY IN LAVI PRODUCTION

Tel Aviv HA'ARETZ in Hebrew 18 Feb 82 p 7

[Article by Ze'ev Schiff: "The Secret Formula"]

[Text] More than a week has passed since Defense Minister Ariel Sharon announced that he again confirmed the decision of the government to produce the Israeli combat plant Lavi. In the announcement, one part -- the most important -- remained closed. It was not explained from where would come the large amount of money needed to develop the plane. The mystery increased when Israel Aviation Industry, which was pleased with the minister's announcement, was told that it could expect the immediate flow of funds for the development of the plane. This means that although the go ahead signal for development of the plane was given, for the moment there is no money. In his usual manner, the defense minister took an important step, but the government was the last to know its details. It had not received the details of Sharon's secret formula for developing the Lavi. This is a problem between Sharon and the other cabinet ministers. But the public must be interested in the question of when and from where the large sums of money will come for developing the Israeli combat plane, and whether Israel is about to obligate itself to something extraordinary to do this.

In truth, Sharon's formula for the Lavi plane is not so mysterious and complicated and there is no problem in deciphering it. It is a good formula, but its shortcoming is that it is speculative. The Defense Ministry resembles a man who buys a speculative stock on the bourse, and if it succeeds, everyone will be satisfied. But if it does not succeed, we will go back to square one, with loss of much time.

In order to explain Sharon's formula, some details must be given regarding the partnership which was created for this purpose between him and Finance Minister Aridor. The latter was ready to put his name to the decision to renew development of the Lavi, on the condition that all of his conditions would be met. Aridor set severe conditions, and all of them were accepted. The first condition was that the Lavi project would not receive any more funds from the state budget. It may be recalled that Sharon developed the opinion that there was an alternative to having the Finance Ministry increase its share in the development of the plane, because it was a national project and not just a security issue. Aridor announced that this proposal could not be realized. The second clear condition was that in any event, the defense budget could not be increased

for the development of the Lavi. The defense budget had already been set, and it could not be changed.

It should be remembered that Aridor was alert to reports originating in the General Staff, that the detailed proposal which had been filed for the next fiscal year was about 5 billion shekels larger than what had been budgeted, and that until that time there had not been in fact a properly detailed defense budget. He certainly perceived that the Lavi plane is in fact not budgeted in the defense budget. Therefore, he took a very strong position that this condition -- no increase in the defense budget -- be accepted, and Sharon agreed to it.

Aridor was not satisfied and raised an additional and rather difficult condition: fearing that the large development budget would feed Israeli inflation, he demanded that the flow of money into the economy be minimal. This condition was also accepted, in fact, although it is the most difficult to perform.

The question is how did they succeed in keeping all of Aridor's conditions and still find a way to finance the Lavi. It is a case of having one's cake and eating it too. Sharon is trying to find a solution by means of American companies and the American government. What is the idea hiding behind the formula? Sharon is asking the American companies, in fact, to finance the development of the Lavi, which means that he is asking these companies to invest, for example, in developing the wings of the plane, or another important part. The significance is that the Lavi will be less "Israeli" than thought at first. It will be an integrated development, which will be carried out in the U.S. as well.

Where will the money, which is so lacking, come from to pay the American companies? The "trick" is that Sharon is looking to pay an American company with whom an agreement has been made, with American money -- the American aid money which Israel receives as defense aid. Instead of buying American equipment with this money, Sharon hopes to get the Pentagon's agreement that the aid money can be transferred to American aviation companies for development of part of the Lavi. This development will take many years, perhaps ten. This means that not only does Sharon need the agreement and good will of the American administration for this agreement, but he is also assuming that American financial aid for Israel's defense will last for many years. Perhaps this is the way Sharon hopes to lock in this aid for many years to come.

But it appears that Sharon realizes that this seduction is not enough to persuade an American company to invest enormous amounts of money to develop plane parts for the Israelis, to give up technological secrets, and even money to develop other parts of the plane in Israel itself. The second "bait" that Sharon is offering the American company is the promise that he will buy the F-18 plane from them in the future. It is recalled that during the tenure of Defense Minister Weitzman, it was decided that in any event, even if we entered development of the Lavi, we would buy F-18 planes in the future. This is the requirement of the Israeli air force, and the question is only how many such planes will be purchased.

Here Sharon is trying to exploit the competition between the two large companies involved in the development of the F-18: one is McDonnell-Douglas, which is producing the model for the navy (model I), and the other is Northrup, which has developed the land model (L). The last has not yet sold its planes, and is interested in finding a partner to continue development, and so has proposed many inducements to Israel, McDonnell-Douglas has already sold its planes to the navy, to Australia, and Canada, and would do anything to keep its competitor's plane from taking off. Sharon's formula is built on this. In order to torpedo Northrup, McDonnell-Douglas is supposed to invest in development of the Lavi. It is to be remembered that all along the assumption has been that Israel would purchase the land F-18, but in an interview about the Lavi on television, Sharon switched and began to talk about the F-18 (I), which is the McDonnell-Douglas model. This will draw in the Northrup Company, and it will make its proposals, but there is a problem in that it may view the Lavi as competition to another of its plane models -- the advanced model of the F-5.

This, more or less, is Sharon's secret formula. It is nothing but a business deal. It is open and known to both companies. In a discussion with one of the representatives, I understood that the method and matters are clear, and that they have already begun an opening discussion of the Israeli proposal.

The immediate significance is that the development of the Lavi will be in limbo, for the moment, until negotiations with the American companies are completed. Such a negotiation will take many months, and in the meantime, money may be found in the defense budget to finance continued development. Such a solution will of course not be favored by the General Staff, which is opposed to allocating funds from the defense budget for the development of the Lavi.

Will the Sharon formula succeed? It cannot be said for sure yet. It is too early to evaluate. This is a marriage in which the agreement of the groom -- the U.S. government -- has not yet been received, and the agreement of the bride -- the American aviation companies -- is not yet known. If the plan does work out, financing will be found for the Lavi plans. It will not exactly be an Israeli product, but it will nevertheless boost various industries here, and will bring a lot of knowledge into the Israeli defense and technological system. If the plan does not succeed, we will be back at square one, having lost a lot of time. Again we will face the question of where to find the money for such an expansive development program.

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ISRAEL

SHARON'S SECURITY VIEWS CALLED LACKING IN IMAGINATION

Tel Aviv MA'ARIV in Hebrew 25 Dec 81 p 16

[Article by Meir Amit: "There Is Nothing New in Sharon's Strategies"]

[Text] The defense minister publicly presented his strategic world view this week.

In an undelivered speech, the minister expressed his views in detail about Israel's security problems in the '80s.

Reporting on such a vital subject calls for an exact and sober examination.

Have we been shown anything new? Behind the thunder and lightning that is shaking the halls of the Defense Ministry, is there an innovative, dynamic concept, a fundamental thought that has no precedent?

I am sorry to say that the defense program for the '80s was presented by our defense minister in a routine manner, without imagination, vision or brilliance. When a new subject comes up here and there (like strategic cooperation with the United States), it is difficult to determine if it represents a positive or a negative contribution to our situation.

Now, after the fact (and such a short time since the banner was raised high in the words of the defense minister), this matter has been suspended anyway, teaching us that it was flimsy from the start.

I want to qualify myself right away by saying that the defense minister's deeds, his mode of operating, his cunning, his adherence to goals and his talent at surprise are not in question. It is very likely that the defense assessment that he presented falls under the heading of "a platform for change" and is, perhaps, even a diversionary document. In such an event, I will patiently await the verdict. But if the things that were presented so publicly are the basis of our defense policy, then I am worried.

The famous document starts with a series of accomplishments, with no new components. They consist of very routine accomplishments, truths that have existed for decades, a kind of inventory of ancient problems.

"The ideology of radical Arab governments," "the PLO's murderous goals" or "the expansionist policy of the Soviets in our region"--what is new about any of these?

In Defense Minister Ariel Sharon's document, they are presented as great discoveries.

Now let us look at the other side of the coin. Let us examine Israeli defense policy as viewed by the defense minister. Here, too, most of his conceptions are old ones without a trace of freshness: "balance of power and qualitative superiority," "deterrence," "assurance of containment capability," "assurance of capacity to subdue the enemy" and so forth. The above, and other concepts like these, have lighted our way through the years of the existence of the State of Israel almost from its inception. Even the matter of nuclear energy, which is emphasized in the paper as a "new approach," is not the least bit new, fundamentally. Alongside the worn coins scattered abundantly through the "new" strategic doctrine presented to us, there is no true and proper attitude toward the changing conditions of the '80s and toward the reality, which is truly new, of the peace process.

The peace with Egypt is referred to only indirectly and in connection with a single detail concerning the creation of a pivot of strategic cooperation against the Soviet Union.

The defense minister repeats numerous times the known defense principles, such as: territory, military strength, etc., and he completely overlooks the fact that one of the most essential components of security is peace. Earlier, this was an irrelevant component, an unattainable concept. Today, it is a palpable reality that, even if wrought with many obstacles, is perhaps the major essential new feature in our defense reality.

The real question in relation to the strategy proposed for Israel in the coming decade is how to solidify this component even more. The answer of the defense minister, offered at the end of the document--"to carry on political negotiations from a position of security"--is not sufficient nor is it convincing. This has been his policy all along. That is how we behaved and operated in the past. The question is what to do beyond this.

"possible to open an unconventional initiative in so vital and important a? Can we free ourselves from the territorial fetters and from linguistic demagoguery that is so self-congratulatory but that, in the final analysis, causes a lot of damage and limits the freedom of political strategy?

It seems to me that the basis of the defense conception of the State of Israel in the '80s must have one central goal, which is how to sustain the momentum of peace and how to turn it into a total rather than a partial reality. I know that, to follow this path, a number of conditions are necessary:

Recognition of the fact that peace is a security value no less important than other areas and components of our national strength;

- b) Belief that, despite the difficulties and the severe opposition on the part of those surrounding us, it is possible to overcome this obstacle, even if this is done in stages over a long period of time;
- c) Liberation from old concepts such as "to decide not to decide," "to wait for a telephone call from another past," and so forth;
- d) Readiness to take risks with well-thought-out concessions.

I am not here to undermine those things that are true in the defense minister's document. I have only come to add to them; to change emphases; and, especially, to complain about the lack of intensity and imagination of the "defense strategy" presented there.

History does not repeat itself. At most, it can serve as the basis for further events. Such building blocks do not find expression, then, in the program presented to us.

In summary, I will make one further observation that, in my humble opinion, touches on a grave danger that hovers over our national power. I am referring to the socioeconomic force as a defense component.

There is no doubt--and this we always knew--that our economic capacity and our social riches are the keys to our national strength. For us they are a foundation no less important than military strength. Even the defense minister has addressed himself to this issue (if in the most marginal way and without any appreciation for its significance), but his mode of presenting this issue in his document is strange at best and worrisome at worst.

The defense minister has written: "Israel will have to make efforts to expand and strengthen our scientific, demographic and physical foundation in order to bear the burden of our national security...."

Perhaps I am mistaken, but what I gather from this is that national objectives must be subordinate to the subject of security. If this is so, it is a very dangerous approach. First of all, these issues are independent ones, and the security element is a result of them--not the opposite! Second, there is reason to discredit the hint about subordinating the civil order to the military-defense order.

As I said, perhaps we have here an error in style, but I fear that what is at stake is something far more fundamental and worrisome.

Ariel Sharon is known to us as an active man who does not sit back, a man who does not generally shy away from unusual and unconventional approaches, who does not hold back from doing unacceptable things and who is prepared to risk a great deal to achieve his goals--even at the expense of others. His opponents argue that he often "shoots from the hip" and reacts impulsively.

These characteristics, which are a blend of the positive and the negative, should have yielded at least one outstanding fruit in the working paper on the thinking concerning Israeli security: energy and daring transcending the ordinary.

I found in the defense minister's words only pale and unpromising bits of these elements.

9348  
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NEW SOUTHFRN COMMANDER'S ABILITY PRAISED

Tel Aviv MA'ARIV in Hebrew 1 Jan 82 p 27

[Article by Gidon Hasid: "The Major General Who Crossed the Canal With 20 Tanks Receives the Southern Command Today"]

[Text] Today, Brig Gen Haim Erez took over as major general of the Southern Command. He was till now unknown to the general public, though not in military circles. A great deal has been written about Brig Gen Haim Erez and his missions during the Yom Kippur War in books about the war and in articles dealing with military subjects, but his name had not been released for publication, and so he was called Colonel Haim in those publications when he led the I Armored Corps across the canal.

The operations of "Haim's unit" are taught today in military schools, and within this context I can speak openly for the first time about a number of personality traits of the unit commander as revealed in the ordeal of crossing the canal during the Yom Kippur War.

The dominant characteristic of Haim Erez as a person and as a commander was his ability to concentrate in his dealings with those around him, and not just with his subordinates, on the positive cooperative side of people and to ignore the weaknesses in people that cannot be helped. It was by virtue of this quality that he always got good response and cooperation.

This quality, which is always good, proved invaluable during the Yom Kippur War and in the tense moments before the crossing of the canal and the aftermath. Its spiritual source has as its basis an unshakable and boundless belief--regardless of how many negative experiences there are--in the victorious spirit of man. Add to this a total lack of arrogance, even deep within the structure of the personality, and you will understand why his subordinates carried out everything they were ordered to do, willingly, and not out of adherence to strict military discipline. Whoever has gone into battle under the leadership of someone whose authority stems from rank alone knows very well the difference between the commander who must be followed to life or death because of his authority and a commander who is followed to the death on the strength of his personality.

## To the Canal--on Treads

On Yom Kippur 8 years ago, Israel was struck in a surprise attack in which the Egyptians crossed the canal, attacked our limited forces guarding the canal line, took many prisoners and set up a line on the eastern boundary of the canal. A reserve armored unit, led by unit commander Haim Erez, rushed to the canal on the night of the outbreak of war "on treads of tanks" and arrived near the canal. On 9 October, the unit was ordered to attack Hamotel Hill and took a beating, like many of our forces, while a new kind of enemy made its appearance in the war theater, one that had not been present in the Six Day War.

Over the following days, the unit commander worked at extracting lessons from the painful battle over Hamotel. He worked hard to strengthen the unit columns and, besieged by thoughts concerning the new strength of the enemy, he waited tensely for the next test. This came on 14 October when all of the Egyptian armored forces on the east bank of the canal attacked all along the front line and were beaten badly, leaving behind 200 of their armored units in flames. "Haim's unit" had an active part in this battle, and Haim Erez commanded the troops every step of the way and represented a good omen for things to come.

Once and only once during the Yom Kippur War, Col Haim Erez asked that an operation ordered by his superiors be postponed. When, at the end of the battle on the 14th of the month, Gen Ariel Sharon and the group commander called unit commander Haim and ordered him to get organized in 1 day to cross the canal, the goal seemed, at first glance, impossible in the short time left to him. Ariel Sharon changed his position from that of unit commander to one in charge of a large force for crossing the canal composed of rafts, heavy engineering equipment, a huge temporary bridge and paratroopers, and he gave him responsibility for getting all of those--including his own men and their armored forces--to the other side of the canal.

When he pictured to himself the poor road leading to the Suez Canal--a narrow asphalt strip, barely usable by light transport--handling the heavy war machines plodding along across the canal in the narrow salient between two Egyptian armies ready for war from the north and the south, dragging the rafts and the gigantic temporary bridge and facing intense Egyptian artillery fire, Haim Erez asked for a delay of 24 hours to get organized.

## A Horrible Night in the "Center of the Spider's Web"

General Sharon refused. When Haim Erez tried to explain his request in the absence of any possibility for organizing in a single day all of the vast and multifaceted forces that, to a large extent, did not really belong to the unit, the general explained that for days he had been pushing the high command and the policymaking group to okay this daring plan for crossing the canal. Approval was late in coming, and he was not willing to risk a second try at acceptance of the plan. In fact, from the beginning of the war, there had been many differences of opinion among the high command and the policymakers. Many programs had been proposed and cancelled in the absence of a strong directing hand, militarily and politically. This could be seen, especially, on the canal front.

Anyone who saw Haim Erez having to face his fear saw clearly a prelude to the terrible night faced by Haim's unit on 16 October in the center of the spider's web. Egyptian artillery struck the crowded caravan without mercy, and flames burst out along the line. The paratroopers fought and spilled their blood on all sides to consolidate the opening between the Egyptian armies. The transport vehicles carrying the wounded required first preference on the narrow road leading to the rear. The tanks and the rafts being dragged behind had to circumvent the line to clear a path for the wounded. The rolling bridge, which was being pushed turn by turn by an entire battalion of the unit's troops, tipped the balance finally for the regimental commander, Shimon, who was wounded, lost an eye and was evacuated and for those who dragged it and pushed it, and it remained on its stand in the heart of the desert.

In the midst of the confusion of the battle and amid the confused communications between the regimental and unit commanders, Haim Erez maneuvered his armored forces and their paraphernalia. He brought them to the mouth of the canal. Only those who heard him on the communications line can understand how those who reached the bridgehead did so in a consolidated way and ready to go after their objective. The voice of the unit commander was calm but also alert and brazen. It did not sound at all like the usual authoritative commander of peacetime, as though there was no need for such a sound in these circumstances, now that life and death cooperation was inescapable. In a group of people bound by a fateful mission, all are determined to carry it out with honor. The concepts of commander and subordinate, of levels of command, so essential in military life, disappeared as though they had never existed.

Haim Erez was, at that moment, the chief navigator of this crazy operation. His calmness, like his knowledge of the most minute details of the various complex communications coming forth, instilled faith in the troops, in their being able to attain their objective.

Had the unit commander gone no further than that moment when the unit arrived at dawn at the water--before crossing the desert--he would have earned great praise in the annals of the war, for that in itself was a unique operation in military history. It should be noted that the men of the unit had not slept in 48 hours. On the 14th, they fought in an armored battle with the Egyptians, and from dawn on the 15th, they collected their equipment for the crossing and practiced pushing it. By evening they had already moved to one side of the canal while dragging rafts and the rolling bridge. By sunrise on the 16th, the first tanks were already moving across the canal to its west bank.

Instead of being satisfied with what he had accomplished and letting one of his subordinates handle the actual invasion within Egypt, the unit commander took 20 tanks and led them in an attack on the huge unknown enemy territory populated by 40 million people, against great numbers of enemy soldiers on the west bank, a distance of 90 kilometers from Cairo.

#### The Fate of a Nation in the Hands of a Unit Commander

This was his second dangerous crossing of a border. In 1941, on the Russian-Polish border, a 4-year-old Jewish boy named Haim was pushed by his mother and

ordered to run across the Russian border away from the Germans who were trying to kill him. After hardships and wanderings through Russia and Siberia, the boy arrived with the "children of Teheran" at Nahallal, where he was adopted and raised as Haim Erez.

Only a very few understood the fateful significance of Haim's adventurous trek. Those were his commanders at the front, the chief of staff, the defense minister and the prime minister. If the small attack force was destroyed, it would demonstrate Egyptian military superiority on the west bank of the canal, and numerous forces on the east bank, moving toward the canal, would be stopped. On the other hand, if the attack force brought good news, then Sharon's group would cross the canal and be followed by other groups from the east bank.

The State of Israel was in bad shape not only from a military point of view. The world, accustomed since the Six Day War to see Arab forces as inferior to the Israelis, were amazed when we were unable to destroy the Egyptian Army, which had divided the canal, captured strongholds and killed or taken captive hundreds of its defenders. From 6 October, a long time passed without any decisive change, and the reputation of the Israeli Army as invincible was disappearing. The danger threatened our very existence. The Jewish people in Israel and elsewhere, as well as the entire world, anxiously followed events on the front. An unknown unit commander held the dice whose power could determine the fate of the campaign. Haim Erez burst into Egypt with his 20 tanks, spewing fire all around him and not giving the enemy time to organize for a counter-attack. The confused Egyptians did not understand how the Israelis had entered Egypt. Based on the firepower and the frequent hits on different targets, it seemed that many separate forces were at work in the area. When, after many hours, an Egyptian reconnaissance troop was sent against him, Haim Erez struck at it with force and scattered it in every direction. Thus, he roamed like a lone wolf in the enemy territory spreading fire and destruction everywhere.

Our forces, which crossed over later following his lead, could not believe their eyes when they saw the extent of the destruction and of the arms and military might left behind.

That evening, Haim Erez reported to the troop commander on all that had happened. He counted one by one the missile sites he had destroyed, the damaged tanks, the transport vehicles burned and the Egyptian military forces destroyed. The sign has been given--to continue. In light of Haim's astonishing victory, more troops, units and groups began streaming onto the west bank. The great crossing mission was a fact.

News of the success of the task force spread fast among the troops immediately after the first report of the unit commander over the regimental communications line, and this raised morale enormously. The news reached Jerusalem and spread to all other countries. The prestige and pride of the Israeli Army and of the Jewish people, which had become depressed since the outbreak of the war, was revived. Israel's flag waved in Egypt, in a wide area growing wider all the time.

At this point, the Egyptians and their allies, the Russians, asked for a cease-fire. Meanwhile, "Haim's unit," which had gathered together again on the west bank of the canal, was refreshed and wanted to charge ahead westward. As a forward force of the army on the west bank, it threatened the heart of Egypt. The reference point on the map, where "Haim's unit" was stopped by order of the Israeli Government, was 75 kilometers from Cairo.

At the end of the war, Colonel Haim went back to being an ordinary army officer. After a year of study at a military school in the United States, he was promoted to the rank of brigadier general in command of an armored regiment. News of his appointment as head of the Southern Command came as a surprise to him since he had not met with his commanding officer, Gen Ariel Sharon, since the war of 1973 except for a glance. The man who was closest to Cairo during the war returns to face the Egyptians, this time in the most senior position.

After the war, the men of Haim's reserve unit returned to their homes. For a time it seemed that, in the midst of the painful arguments at the end of the war about errors on the Egyptian front, everything that had happened to "Haim's unit" on that same front would be forgotten. Over time, after years, it became clear that the comradeship among the fighters with those who had fought with them and had lost their friends in that unique mission only strengthened.

A closer look shows that, not only in the annals of Israel but also in the annals of all nations, a crossing by an armored force including crossing equipment riding on a waterway whose width is 160 meters against fierce fire on every side--and the immediate and smashing success of a small attack force that announced to the large army behind it that the road was clear--this is a great deed in the annals of war. Whoever did not take part in it is astonished by it. Those who did participate will never forget it.



The author, former deputy state attorney, fought as an officer in the first armored unit that crossed the canal and received a commendation.

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PRESSURE MOUNTS CONCERNING IDF FLIGHTS

Tel Aviv 'AL HAMISHMAR in Hebrew 24 Feb 82 p 2

[Article: "Air Force Commander Warns: 'We Are Under Severe Pressure Regarding Flight Areas -- Disturbances to Settled Areas Will Increase and I Expect Friction'"]

[Text] "The most difficult area with which we will have to deal in the wake of the withdrawal from Sinai, is the area of flight regions. We are under severe pressure in this matter. There are solutions within the territory of the country, but it must be clearly stated that the disturbances to settled areas caused by flights will be greater. I expect that in the near future there will be problems in the area of the civilian understanding of our work, and already more than a few points of friction have been discovered." This was stated by Gen David Ivri, Commander of the Air Force, in an interview with BAMAHANEH.

Gen Ivri says: "The truth is that on the snow ball which had already started to roll, there are now jumping those who acquiesced to the situation in the past, and now they are mounting the wave. Not all of the reactions which have reached us until now have been justified, and the prospects are that we will be making more noise than we are presently."

On the other issues, the Air Force commander says:

Weapons dealers: There are illegitimate pressures by weapons dealers, who in the past had served in senior positions in the Air Force. We are trying to prevent these pressures.

Supply of sophisticated weapons to Jordan: The location of improved Hawks on the borders of Israel will close the borders of the country. Since the Yom Kippur War, there has been a most significant change in the Jordanian air force. It has become the most dangerous of the Arab air forces.

The reactor attack: All of the Arab countries learned a lesson from the attack on the reactor, which has motivated the Iraqis and the rest of the Arab countries to improve their defense and warning systems in a significant way. I have no doubt that if we tried to carry off the same operation as the reactor attack today, it would be much more difficult.

Building air fields in the Negev: Even if we were to build these fields to a level of those in the Sinai, we would be falling behind. We have definitely made them better. It is true that quantitatively, we will not be restored. Because of the pressures of time and money, we have not built all of the facilities which we had planned. But qualitatively, we will be better off, and the facilities which we have built are advanced by 20 years. Apparently there will be a short fall of about 2 to 6 percent, which is \$20 to 60 million, which will have to come out of our own pockets.

Combat forces of the air force after the year 2000: In addition to the Lavi, which will be in the 1990's the equal to the Skyhawk and Kfir of today, and in which most combat pilots will start their careers, beginning with advanced operational training and ending with operational flights, the air force will also have F-15's, F-16's, one of the models of the F-18, as well as phantoms and Kfirs.

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CSO: 4423/125

ISRAEL

BACKGROUND OF NEW BANK OF ISRAEL COMMISSIONER NOTED

Tel Aviv MA'ARIV in Hebrew 4 Jan 82 p 10

[Article by Yitzhak Dish: "The New Commissioner--Seventh Generation from Jerusalem"]

[Text] The government decided yesterday to appoint Dr Moshe Mandelbaum commissioner of the Bank of Israel. The appointment will take place this week through the president of Israel. The decision on the appointment went through without opposition after being proposed by Minister of Finance Yoram Aridor. Minister of Energy Yitzhak Berman abstained.

The fourth commissioner of the Bank of Israel, Dr Moshe Mandelbaum enters the post after 25 years of government and public service.

When the government proposed his appointment, the question came up: What kind of commissioner would he be? Would he be a "fighter?" Would he be "flexible" with respect to the policy of the treasury and criticism of it?

Dr Moshe Mandelbaum answered us with regard to this issue. "My desire is to be an effective commissioner. I will try to see to it that the central bank's policy and activities influence the economic order. We will try, therefore, to make our opinions known at an early stage of debate and decisionmaking. This emphasis is more important than criticism after the fact.

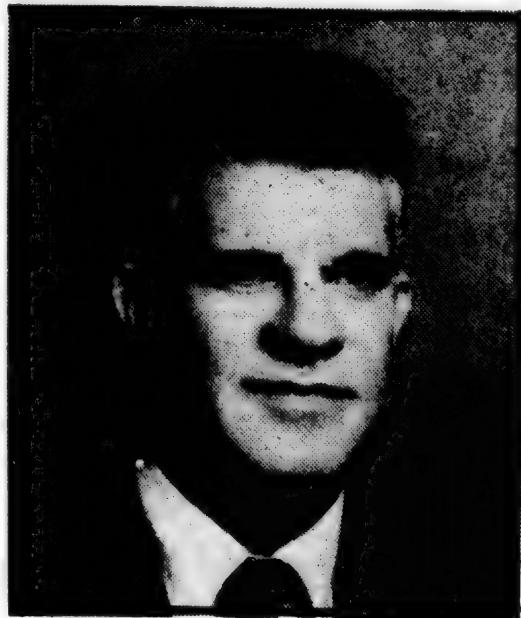
Dr Moshe Mandelbaum was born in Jerusalem and is seventh generation there. His parents lived in a house called "The Mandelbaum Gate" when the city was divided. He is 49. His wife, Sarah, is the great-granddaughter of Rabbi Yoel Moshe Solomon, a founder of Petah-Tikva.

After completing his studies at the public school in Jerusalem, Geula, and in the seminar for teachers, Mizrahi, he continued in the academic track in economics, statistics and international relations at Hebrew University. Later he graduated in economics from Vanderbilt University in Tennessee in the United States and got his doctorate there.

In public service, he began as a senior economist in the Ministry of Industry and Commerce, served as economic advisor to the minister of industry and commerce as unit chief, as supervisor of prices and as deputy director general.

Later he served as director general in the ministry. After leaving there, he was appointed chairperson in the operation of the industrial development bank. During those years, he served in academic positions and as a senior lecturer in the economics department at Bar-Ilan University. In September 1981, he was appointed deputy commissioner of the Bank of Israel.

The appointment as commissioner must still be made official by the president of Israel. But Doctor Mandelbaum is already involved in bank matters and has accumulated 3-1/2 months' experience as "deputy."



ד"ר משה מנדלבוים

CSO: 4423/97

#### INCREASES IN FOREIGN DEBT CONSUME PROFIT FROM EXPORTS

Tel Aviv DAVAR in Hebrew 28 Dec 81 p 9

[Article by the economics editor of DAVAR: "All Import Profits Are Slated for the Foreign Debt"]

[Text] Almost all of the profits on exports from 1981 will go toward the payment of debts and interest on Israel's foreign debt. This emerged from a study conducted by the economics department of the workers union.

This situation arose as a result of the increase in the short-term national debt and from that portion having to do with the extent of exports. The short-term foreign debt grew from 15.8 percent in 1976 to 23.2 percent in the first quarter of 1981.

Similarly, a worsening has occurred in the short-term debt with respect to the extent of exports. Currently, annual payment for the debt, including interest for 1981, amounts to approximately 55 percent of the total exports of goods and services (compared with 46 percent in 1976). When you consider that the profit in exports in Israel is about 60 percent, then in 1981 the Israeli economy reached the point where the repayment of debts and interest was equal to the profits from exports.

Based on the data of the economics department of the workers union, it appears that in 1981 the repayment of short-term debts, including interest payments amounted to about \$5.88 billion, \$4.1 billion of which was for short-term debts and the rest interest.

Annual payments on the debt at the beginning of 1981 amounted to about 39 percent of all exports of goods and services in contrast to about 32 percent of all exports in 1976 and about 28 percent in 1970.

Furthermore, on the basis of the data from the workers union, it appears that the per capita national debt at the end of the first quarter of this year amounted to \$4,480 per person, an increase of about 72 percent in relation to the per capita national debt in 1976 (and of 418 percent compared with the per capita national debt in 1970). The per capita national debt in relation to the per capita income also increased and totaled, by the end of the first quarter of this year, 88 percent in contrast to 76 percent in 1976 (and 49 percent in 1970).

The economists of the workers union point out that the national debt and the per capita national debt are indices of economic independence, and we can certainly deduce from this that we are increasingly dependent on the massive aid given to us by the United States. Similarly, the increase in the per capita national debt forces the country to mobilize funds from world banks, something that results in an increase in the amount of interest the economy must pay because of the loans from these banks.

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CSO: 4423/96

AGRICULTURE SAID TO BE THREATENED BY REDUCED RESEARCH

Tel Aviv HA'ARETZ in Hebrew 11 Jan 82 p 10

[Article by Haim Handwerker: "Agricultural Research--Under the Red Line"]

[Text] "One of the main ways to overcome the distress in agriculture in Israel is to foster agricultural research and training. If we do not do so, in 5 or 6 years agriculture in Israel will be in a serious crisis," says Prof Gad Lubenstein, director of agricultural research at Bet-Dagan and the top scientist in the Ministry of Agriculture.

In the agricultural research administration (Volkney Institute), they say that through research, development and training, it is possible to solve all of the major problems in agriculture today: growing competition from European countries, inferior quality of water and gradually diminishing quantity, the problem of energy and more, as well as improving the profitability of agricultural production in Israel. For years, however, says Professor Lubenstein, agricultural research and development have been neglected. Any industry or agriculture that is smart invests 10-15 percent of its financial return in research and development. Backward industries and agricultural businesses invest 0-2 percent in research and development. In Israel, only 2 percent is invested in agricultural research and development.

According to Professor Lubenstein, this situation leads to serious consequences. Not long ago, it was decided to reduce the budget by 100 million shekels to help moshavim in distress. This is an important step intended to help prevent the collapse of the moshavim. But this situation could have been prevented if, in the past, they had invested 5 percent of the capital of those settlements in the improvement of their professional system and in research and development.

This mistake is being repeated today. Professor Lubenstein says, "A great deal of money is being invested in mountain settlements, in the desert, in the Jordan Valley and in Pithat Shalom. The investments are marked for basic development, but not enough is budgeted for agricultural training and research for these settlements. They are likely, therefore, to fail in a few years due to the usual difficulties."

"When the members of the settlements and government forces 'smell' failure approaching, they bring in trainers and researchers, but often this is not enough

to prevent the failure. If one wants to succeed in agriculture, one must invest in research and training from the establishment of the settlement.

"There are many areas that are not dealt with because of budget limitations, but by not engaging in research, we lose much more money. For example, each year we import fodder to feed our livestock, and this amounts to \$360 million. This is a great deal of money. But so far, we have paid little attention to trying to reduce our imports by development and by growing local feed or by substituting a different kind of food."

Professor Lubenstein favors intensive research attention to various critical areas:

The success of Israeli farmers in marketing agricultural produce has multiplied competitors from Spain, Greece and Italy (in areas like growing avocados, flowers and vegetables), and the competition has hurt the Israeli farmer. To compete, we must come up with clever ideas and try to develop seeds, hybrid species, new flowers, conventional products like winter tomatoes--and shipments outside the country by sea rather than by air while developing appropriate methods of preservation.

Israel uses practically all of its water potential. It is anticipated that the quality of the water has gone down because of excessive drawing of water from the ocean. The concern is that if the increased use of water continues, the level of salinity will increase, and this will make it less usable for agricultural purposes. Therefore, the use of water must be limited, and, on the other hand, technologies need to be developed that will allow water whose level of salinity is 300-500 mg of chlorine per liter to be used for agriculture (at present, in Israel, water has a salinity level of 180-250 mg of chlorine per liter). Tests show that even sensitive plants can be watered with this salty water.

Another problem that has gotten worse in recent years: the high cost of energy. New methods of obtaining energy are being tested such as collecting heat from the sun in the daytime and letting it out at night. This method is being developed and should help reduce the cost of energy.

All these objectives, however, require a push, and Professor Lubenstein expresses his fear that "the way things are today, research and development in agriculture will continue the status quo, and the business that symbolizes Israel and is Israel's calling card is likely to run into serious problems."

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FOOD EXPORT INCREASES NOTED IN PRELUDE TO 'FOOD WEEK'

Tel Aviv HATZOFE in Hebrew 13 Jan 82 p 4

[Article by our economics editor: "Food Exports Last Year--\$345 Million"]

[Text] Food exports increased last year by 10 percent and totaled \$345 million, and by 1985 it is hoped that exports will reach \$650 million. So said the director of the food division in the Ministry of Industry [and Commerce], B. Toran, yesterday at a press conference in Tel Aviv in advance of the opening next week of "Food Week."

In 1981 a real increase of about 11 percent took place in production in the food sector, and this amounted to 35 million shekels. The food industry today employs 42,000 workers and its total capital amounts to 5.6 billion shekels.

He mentioned that the following goals are indicated: an increase in all kinds of vegetable products and in the export of sweets; the export of cheese and milk products has progressed and a good increase has been noted in the export of food for animals. Small increases of 1-2 percent have been noted in exports of citrus fruit products. This may stem from severe competition from Brazil and from a drop in the value of European currency. The participation of Spain and Portugal in the Common Market will make things more difficult for Israeli exports. The various marketing objectives gain in importance, then, along with the discovery of new markets, said B. Toran. Among the new targets are the United States, Japan and Egypt.

The director general of the Export Institute, R. Gut; the director of the food center at the institute, Yael Artzi-Tishbi; and the chairperson of the steering committee for the week, Koli Friedstein, said that they are expecting 350 items from more than 20 countries. About 130 Israeli businesses will be participating in the food show.

Natan Goldberg, from Marks and Spencer in London, noted the considerable development of the food industry in Israel in recent years and stressed the possibilities for the export of this produce.

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MIDEASTERN JEWS FAVOR MILITARY SERVICE

Tel Aviv YEDI'OT AHARONOT in Hebrew 22 Feb 82 p 24

[Article: "Survey Shows Middle Eastern Jews Have Higher Motivation for Military Service"]

[Text] How does the youth of today view its military future? What is their degree of motivation to serve in combat units? How many will enlist for permanent service? These questions are concerning senior elements in the IDF, and have led to the conducting of a special survey of youth aged 16.5-17 years, who are about to enter the IDF. The survey, which was conducted by the Behavioral Sciences Section of the Manpower Branch, tested the motivation in the IDF, the image of the army in the eyes of youth, and their hopes regarding service.

The questionnaire, which was to be completed independently, included 70 questions and was given to 917 young people who presented themselves at induction bureaus on the day of the survey; 95 percent of those questioned were males, and 5 percent females.

The results buoyed the spirits of commanders and those who conducted the survey: 90 percent of those asked expressed a very positive position or a positive position regarding induction; 87 percent said they were proud to serve in the army, and 74 percent expressed a desire to serve in a volunteer unit. For 80 percent, it was very important to succeed in the army, and 59 percent want to serve as officers. A third of those questioned expressed a readiness to sign up for the permanent service after their obligatory service ends.

In response to the question to what extent is it possible to justify a soldier's refusal to serve in the occupied territories, 66 percent said that there was little justification, or none at all.

At the time of the questioning, 60 percent were already sure regarding the unit in which they wished to serve. Among military specialties, the most popular was that of pilot, followed by naval patrol and paratrooper. A relatively low percentage expressed a desire to go into combat engineering, rear camps, and armor. The desire to serve in various units was similar to that of 3 years ago, excluding such units as the Golani or the navy. The percentage of those wishing to go into the Golani increased by ten, compared to 1975, as did the percentage of those wishing to enter the navy, compared to 1975.

What is the image of the IDF among young people? Ninety-one percent of those questioned said that they appreciate very much the ability of the IDF to find when needed; 76 percent appreciated the contribution of the army to meeting the demands of civilian life, 65 percent appreciated the army as an aid to good citizenship, and 60 percent for love of country. A few of those questioned, 39 percent, appreciated the contribution of the army to the integration of immigrants.

Ninety-one percent believe that the announcements by the IDF spokesman are reliable always or generally, 83 percent trust in the decisions and judgment ability of commanders in the IDF very much or much, 81 percent agreed with the claim that the IDF is a leader in Israeli society in all things linked to values.

The level of motivation which was expressed in the survey was relatively high among young people from the moshav and kibbutz, and relatively low in the big cities. The motivation of Middle Eastern Jews was higher than that of Western Jews. Also, the image of the army was more positive among Middle Eastern Jews. Youth who study tend to want to enter combat units, while youth who do not study seem to prefer to remain in rear units.

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## BRIEFS

CHEAPER OIL IMPORTS--Egypt has reduced the price on the three kinds of oil it sells. This was reported in oil circles in London. Considering the fact that last week Mexico lowered its high prices on oil, Israel will save tens of millions of dollars annually. Sources in the oil market in London said that Egypt had announced a price reduction on light oil, its premium kind, of 35 cents and a reduction of half a dollar on the two heavier oils that it sells. Last week, Mexico lowered its price on the heavy oil that it sells by \$2 a barrel. Considering the quantities of oil that Israel imports from these two sources, a total savings of \$35 million per year is indicated. [Oded Shorer] [Text] [Tel Aviv MA'ARIV in Hebrew 11 Jan 82 p 10] 9348

BUDGET PROPOSAL--Despite efforts to trim it, the 1982 budget will be up by about 15 percent over the current year, and it will total almost 500 billion shekels. This emerged from the budget proposal being prepared by the budget division of the Treasury Department. The main reason for this is the substantial increase in the coming year in payment of internal government debts (payment of linked bonds). According to the data of the budget division, price increases of 100 percent are expected during the coming fiscal year (April 1982-March 1983). According to this, in order to meet the real increase, the budget had to increase from 210 billion shekels (that is the official budget for the current year before the supplementary budget to be presented soon for approval by the Knesset) to 420 billion. The budget will increase in a real sense, however, and will soon total 500 billion shekels. The Treasury Department wants to present the budget proposal for government approval very soon, but there remains a conflict with two ministries, Education and Labor & Social Betterment. On a different subject, there is agreement: the budget for yeshivot. The yeshivot will receive 1.4 billion shekels this year. That consists of the 700 million shekels determined in a coalition agreement translated into 1982 prices. [Shraga Makel] [Text] [Tel Aviv MA'ARIV in Hebrew 19 Jan 82 p 1] 9348

IDF APPOINTMENT--Article by the military editor--Brig Gen Amos Baram, who was assistant head of the Operations Branch until recently, will soon be appointed head of the corps in place of Brigadier General Mimon. Brigadier General Baram was appointed to the post of assistant head of operations only a few months ago; but, when Brig Gen Moshe Levi took on the position of deputy premier and chief of operations, Baram was transferred. Replacing him in the general staff is an air force man, Brig Gen Giora Forman, a combat pilot who held civil service positions and was also an instructor in the National Defense College. This is the first time that an air force man has been appointed to the post of assistant head of operations. Preceding him was Ezer Weizman, who was chief of the general staff. [Text] [Tel Aviv HA'ARETZ in Hebrew 5 Jan 82 p 2] 9348

NATIONAL BANK ISSUES ANNUAL REPORT

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 36, Mar 82 p 18

[Article: "Muhammad 'Abd-al-Muhsin al-Khurafi: Kuwait's Financial Sector Is Going Through a Transition Period"]

[Text] The 1981 Annual Report of the Kuwait National Bank includes data and analyses of the banking and financial sectors in Kuwait and the other Gulf nations. It also includes its annual budget and its accomplishments during 1981.

The budget figures show that the bank's assets at the end of 1981 were about 1,952,000,000 dinars, compared with 1,374,000,000 in 1980, a 42 percent increase. (The dinar is equivalent to \$4.00). The total budget rose by 44 percent from 1,788,000,000 dinars to \$2,564,000,000. Bank deposits amounted to 1,851,900,000 dinars, compared with 1,288,700,000 in 1980. It is thus clear that most of the increase in assets and in the general budget is due to a 44 percent rise in deposits.

On the subject of Kuwait's financial policy the bank's chairman, Mr Muhammad 'Abd-al-Muhsin al-Khurafi, said in the beginning of the report, "The government policy has been able to avoid the disturbing effects of many world-wide factors, which has enabled our local GNP to grow steadily through the year, reflecting the vigor of total local demand in light of the high level of government spending...."

He continued, "At the same time, the monetary authorities have continued to play a more effective role in controlling the direction and level of total money supply and in maintaining the Kuwaiti dinar's exchange rate.... The monetary authorities have been continually introducing changes to improve the tools for monitoring the money supply to keep it consistent with changing requirements.... The Central Bank has been successful in maintaining an adequate level of liquidity in the banking industry by changing the liquidity factors and by regulating reserve levels. It has also closely supervised credit activities. All of this had given local financial circles the feeling that the financial apparatus in Kuwait is currently passing through a transition period because of the tangible changes in the monetary authorities; policies toward a rise in the level of liquidity."

One of the most important accomplishments of the National Bank of Kuwait during 1981 was the acquisition of 50 percent ownership of FRAB, which consists of the FRAB Holding Company, Ltd. in Luxembourg, FRAB International Bank in Paris, FRAB Middle East Bank in Bahrein, and FRAB Mediterranean Bank in Gibralter. In addition, two financial companies were founded to manage the investments in London in order to meet the rising need for bank employees in the field of specialized investments and investment banking services internationally.

The bank also established a department for international expansion to devise a balanced strategy for expanding its activities outside Kuwait and entering the field of financing oil exports.

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CSO: 4404/364

KUWAIT COMMERCIAL BANK ISSUES ANNUAL REPORT

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 36, Mar 82 p 19

[Article: "Hamad Ahmad 'Abd-al-Latif al-Hamad: Kuwait Will Become the Most Important Center For Reexporting"]

[Text] According to the Kuwait Commercial Bank's 1981 annual report, which was published recently, the bank's total general budget at the end of 1981 amounted to approximately 1,826,000,000 Kuwaiti dinars, 31 percent higher than at the end of 1980.

Total deposits in the bank in 1981 amounted to approximately 1,355,000,000 dinars, compared with 942.2 million [in 1980]. The dinar is worth \$4.00. Customers' deposits amounted to 696.1 million dinars which is 44.6 percent above the 1980 figure. Funds in checking accounts amounted to 134.9 million dinars, an increase of 10.8 percent. Savings accounts had 824 million dinars compared with 81.7 million in 1980. Time deposits amounted to 285.5 million dinars compared with 272 million in 1980. These figures reflect the cautious policy the Commercial Bank has been following with regard to time deposits, the cost of which has been at high levels most of the time, precluding the conversion of these deposits into loans to the business and industrial sectors.

Loans issued by the bank rose by 27.6 percent in 1981, amounting to 752.5 million dinars.

In the preface to the bank's 1981 annual report the chairman of the board, Mr Hamad Ahmad 'Abd-al-Latif al-Hamad, predicted that Kuwait would eventually become the leading reexport center in the entire region in view of its pre-eminence in the area of business services, as well as its strategic location in the northern part of the Arab Gulf. This suggests that the bank will be able to achieve tangible gains in the value of credits it can offer to businessmen. This growth can be traced primarily to the rising demand for the reexport of food and construction materials.

Mr al-Hamad placed special emphasis on the efforts being made by the bank's management to increase the bank's competitiveness and effectiveness by re-organizing its basic structure, and improving and coordinating the services it offers. These efforts were reflected in the figures appearing in the report which showed that the bank's profits rose 56 percent, and the rate of

return on total assets rose from 0.74 percent in 1980 to 0.80 percent in 1981. The rate of return on the total owed to stockholders rose 13.7 percent in 1981, compared with 12.14 percent in 1980.

Mr al-Hamad pointed out that Kuwait's economy was faced with sharply fluctuating interest rates and flexible exchange rates abroad. He expressed his belief that the recent agreement among the OPEC nations forecasts the return of oil production in Kuwait to its normal level, and consequently realization of anticipated revenues from this vital source.

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CSO: 4404/364

PROJECTS FINANCED BY INDUSTRIAL BANK

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 36, Mar 82 p 18

[Article: "The Kuwait Industrial Bank Financed 39 Projects In 1981 At a Cost Of 32.3 Million Dinars"]

[Text] During 1981 the Kuwait Industrial Bank financed 39 industrial projects at a total cost of 32.3 million Kuwaiti dinars, compared with 41 projects in 1980 at a cost of 32.1 million.

Chemical projects claimed the largest share of the total number of projects financed by the bank. The bank's financial commitments to this sector increased threefold over last year.

The maritime and oil services dector claimed the largest share of the bank's financial commitments, which reflects the expansion of excavation projects for determining the extent of oil and gas reserves.

From 1974, when it began its operation, to the end of 1981 the bank's total financial commitments have amounted to 173.5 million [dinars]. The bank has financed 220 projects at a total cost of 376.5 million [dinars].

The bank's chairman of the board, Mr Anwar al-Nuri, said that the bank has completed studies on two projects, one for manufacturing glass bottles, the other for stamping tin sheets.

He said that the bank had financed several industrial projects outside Kuwait on a commercial basis. He also said that the bank had decided to form a commission on industrial investment abroad whose purpose would be to study and explore opportunities for industrial investment abroad.

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KUWAIT

BRIEFS

KUWAITI-EGYPTIAN INVESTMENT COMPANY--After a series of meetings between a delegation of businessmen and economists headed by Shaykh 'Abdallah Sa'ud al-Sabah, and important Egyptian economic officials--among them the deputy prime minister for economic affairs, the minister of finance and the head of the investment organization--a Kuwaiti-Egyptian investment company was founded in Cairo. It has been called the "Sabah I Egyptian-Kuwaiti Investment Company. In the initial phase its capital is \$40 million. In the second stage the company will expand by opening a commercial bank with capital of \$100 million. Kuwait's share is 75 percent of the capital. Egypt's share is 25 percent. A portion of Kuwait's share has been allocated for public funding. Some of the company's goals are to build a housing complex, tourist projects, first-class international hotels, parking lots and other projects. [Text] [Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 36, Mar 82 p 19] 9123

CSO: 4404/364

MINISTER OF COMMERCE DISCUSSED VARIOUS ECONOMIC CHANGES

Riyadh AL-YAMAMAH in Arabic No 682, 1-7 Jan 82 pp 38-42

[Interview with the Saudi Minister of Commerce by Idris 'Abdullah al-Daris:  
"Municipalities Are Responsible for Bad Storage and Spoilage of Food"; date  
and place not specified]

[Text] The economy is considered the backbone of any state in the world today, and Commerce is the nerve center of that economy. If nine-tenths of life is in trade, then its importance and benefits should be discussed. Our interview this week contains several questions that were raised about imports and exports, the Gulf Cooperation Council [GCC], the Chamber of Commerce and other subjects, answered in the language of statistics. We are grateful to the minister of commerce for his answers.

[Question] The rapid growth movement that the kingdom is experiencing, since our industries are still in their infancy, must put a heavy burden on the commercial professions responsible for importing, financing and distributing all our commodity needs. Could you tell us, through statistics, what the efforts are in this regard?

[Answer] The commercial professions are responsible for facilitating the flow of goods and services between the producers and the consumers. These professions include wholesalers, retailers, storage, hotels, restaurants, distribution, and other services. The kingdom, as is well known, still covers most of its needs through imports. The increase that has occurred in governmental expenditure, during the past few years, has led to an increase in total demand. At a time when domestic non-oil production has achieved a 10 percent growth annually in the first 5-year plan, followed by a 15 percent growth rate in the second 5-year plan, the kingdom's imports have risen from SR10, 149 million in 1974 to SR81, 524 million in 1979. Therefore, there is an increased burden on the commercial professions responsible for importing and distributing the imported goods that the kingdom requires.

In order to make clear the extent of the burden and efforts that the commercial professions make, in order to satisfy the necessary requirements accompanying the comprehensive growth in all areas of the kingdom, let's take for example certain commodities and compare the amounts imported over the past 10 years. We will note the large increase that has occurred with respect to imports into the kingdom's markets.

	Millions of Tons			
	1970	1975	1977	1979
Cement	.5--	.7--	5.5	11.1
Iron and steel pipes	.2--	.4--	1.8	1.5
Assemblies	.1	.2	.5	1.4
Foodstuffs	.1	.1	2.3	1.4
Other goods	.4	.8	4.1	7.6
Totals	2.2 [sic]	3.1 [sic]	14.2	24.0

The increase in the size of imports was accompanied by an increase in the number of organizations and firms established. The number of firms of various types (joint liability, limited responsibility, corporation, simple limited, limited shares) rose from 1,473 with a total capital of about SR7 billion, to 4089, with a total capital of SR34.9 billion in 1980.

The number of individual organizations and firms, for which commercial licenses were issued, also rose from 43,817 in 1976 to 142,856 in 1980.

The number of liberal professional offices also rose from 177 in 1976 to 562 in 1980. The number of registered trademarks also rose 5,842 in 1976 to 7,899 in 1980. The number of registered agencies amounted to 350.

[Question] What is the extent of the non-oil commercial sector's participation in national production?

[Answer] Total domestic production increased from 139.5 billion in 1974-75 to 358.8 billion in 1979-80, in accordance with commercial prices and an 8 percent growth rate. The non-oil sector also grew at a 10.1 percent rate, while the second 5-year plan growth rate was estimated at 13.1 percent. The growth of the commercial sector exceeded expectations in the first and second 5-year plans. During the first plan, its growth was 9.6 percent, and during the second, it was 10.8 percent. Its share of total domestic production also increased from 40.9 percent in the years 1974-75 to 52.8 percent in 1979-80. This phenomenon calls for optimism, since the commercial sector has grown with the same power and thrust that it achieved during the period of the first plan. Guiding the rate of increase in governmental expenditures had no negative effect on the sector and the continuation of this growth, but in the first degree, it is attributable to the policies that the kingdom has adopted and to the government's concern to build the economy in cooperation with the private sector.

[Question] If we consider a balance between our imports and exports, what is the trend and why?

[Answer] The value of the kingdom's exports has increased considerably over the value of imports. There is a surplus in the balance of trade as the following chart shows:

	Exports	Imports (In millions of Saudi Riyals)	Trade Balance
1978	138,242	69,179	69,063
1979	213,183	82,223	130,960
1980	362,885	100,349	262,536

One should note that the large increase in the balance of trade surplus for 1979-80 was due to the big increase in volume of oil exports and the increase in their prices. The rise in volume of exports, especially in 1980, was attributable to the kingdom's desire to compensate for the shortfall in world oil supplies because of the war between Iraq and Iran.

At the same time, imports into the kingdom continued on their upward climb, despite the fact that their growth rate has slowed somewhat in recent years, in harmony with the tendency of imports to revert to their normal growth rate.

[Question] What effect has the establishment of the Gulf Cooperation Council had on the commercial sector in the kingdom?

[Answer] Among the main goals for the establishment of the GCC was setting up homogeneous systems with regard to economic fields, commercial affairs, customs and the transportation of goods. Moreover, the economic agreement among the GCC nations, which has been approved, included an invitation to the member states to undertake coordination of their economic and trade policies and relations with respect to other nations, blocs and economic groups, working toward the creation of homogeneous conditions and circumstances in our trade dealings with them. The agreement also included the proviso that the member states would approve executive principles to ensure that the citizens of any GCC state would receive the same treatment as its citizens, without discrimination or distinction, with regard to specific areas, including the freedom to pursue economic activities. The execution of that will certainly eliminate economic barriers among the citizens of the council nations, and will open vast and numerous commercial fields, so that they will prosper and flourish.

[Question] There is governmental trade, outside of the private sector. Are there sectors in which both are practiced?

[Answer] There is nothing at the present time that could be described as governmental trade. As is well known, the kingdom has adopted the principle of freedom of economic activity and has left the exercise of all commercial activities to the citizens, in a manner which they find suitable for them, within a framework of regulations that the government draws up. The government's policy is aimed at reliance on the private sector to satisfy the kingdom's non-strategic import needs. Therefore, we find that the sector's imports are in a continual rise. The governmental imports declined from 29.1 percent 5 years ago to 15.1 percent in 1980, thereby clearing room for the private sector. For the most part, governmental imports were to fill the needs that the private sector was unable to satisfy, but which were not in competition with it. Some governmental institutions exist that practice some forms of business that might fall into the commercial sector, such as the airlines and

the railroads, but the purpose of this is to offer services that the private sector is incapable of doing.

With regard to firms in which the government has a share, the purpose of that, as is well known, is to support these firms and to gain the investors' confidence, to implement the large projects that the private sector is incapable of doing, and to raise its share of these firms' capital for citizens in order to ensure the companies' stability and success. The government also establishes the role of the sector and enables it to fulfill its mission by offering various facilities, including the offering of easy loans to some activities to the importers of basic food items, for the purpose of reducing their cost to the consumers.

[Question] A year ago, a ship carrying goods to Saudi merchants was subjected to Lebanese piracy, and a crisis occurred. What have you done to ensure that this incident is not repeated?

[Answer] The ministry, along with specific governmental agencies, has taken the necessary measures to ensure that that is not repeated, including the following actions:

1. Ships which go into ports in which pirates take refuge are placed on a black list, so that the merchant is prevented from doing business with them or shipping on them.
2. There is coordination among the Gulf states in this regard, and information is exchanged with respect to foreign firms that do not abide by sound commercial principles, including maritime pirates.
3. We participate in continual studies and discussions in international forums regarding this matter.
4. We offer guidance pamphlets, published by international organizations and commissions, which explain to importers how to avoid transportation problems and the possibilities of piracy. The ministry has recently sent a copy of a manual on prevention of maritime trickery, published by the International Board of Trade, to the Chamber of Commerce in the kingdom, and has tasked the commercial attache in London to provide the ministry with the available information regarding this publication. Moreover, there is continuous cooperation among the international organizations, the International Board of Trade, and the Chamber of Commerce in the kingdom to counter acts of maritime piracy.

[Question] The Saudi merchant or importer, more than most importers in the world, is subjected to swindles abroad. At AL-YAMAMAH, we extensively discussed this piracy months ago, under the headline of Case of the Week. Have you taken any protection to ensure that the merchant does not become a victim of these swindlers?

[Answer] For a long time, the ministry has been studying adequate ways to achieve this protection, within the area of dealing with the exporter, the maritime shipper and the shipper's agent, and the possibility of seizing

vessels when necessary, or warning the merchant about dealing with certain foreign firms of ill-repute. The ministry is also trying, in cooperation with the Chamber of Commerce and Industry and other agencies concerned, to make the merchant aware of his obligations before dealing with foreign firms and organizations, to investigate their reputations, in order to find exporters that can be trusted, and to avail themselves of the information that the ministry and the Chamber of Commerce have available. The merchant has to work to maintain his rights, by means of ensuring that contracts that he concludes have provisions which will ensure his interests and rights.

Moreover, there is continual coordination between the ministry and the Chamber of Commerce, and continuous liaison through various contacts in foreign countries; for the purpose of dealing with cases of fraud, to which the Saudi importer is subjected.

[Question] What is the extent of the truth in what is said concerning some American and Japanese firms that produce two models of goods, the first of excellent quality for use in their country, and a second inferior one for export to the Gulf states, including the kingdom? Have you taken any action regarding this matter?

[Answer] What is being rumored regarding certain foreign companies producing goods of varying quality, and exporting them to the Gulf states, may have some basis in truth. Some companies may do this kind of thing, but within narrow limits and without targetting any specific region of the world. They may be encouraged to do that for two reasons:

1. The control systems in some countries do not obligate firms that market their products abroad to conditions and standards of excellence, but only confine that to goods that are marketed domestically. Those standards are not applicable to goods exported abroad, so long as the importer does not obligate the buyer to these conditions.

2. Competition for markets and the attempt to gain them by means of pricing, along with the absence of quality controls in some countries, might induce some firms to practice these methods. As for measures that have been taken in this regard, they can be summarized as follows:

1. The Saudi Arabian Board of Standards and Measures has drawn up specific Saudi specifications for commodities, as stipulated by royal decree number 41/10 dated 3/3/1392 (Moslem calendar). The board was guided by the specifications set forth by international commissions of the UN and other international groups, as well as by standards used in the industrially advanced nations, which govern the production for local markets and which set high standards of quality, without allowing monopolies. So far, 276 Saudi standards have been issued. Priority has been given to sound and safe specifications and to standards for foodstuffs. These are followed by other goods, in accordance with a careful program that issues new ones and reviews the old. The instructions require that commodities imported into the kingdom be compared with Saudi standards. The entry of any that are in violation of this is not permitted.

2. In the event no Saudi standard has been issued, or when circumstances demand that the ministry allow entry, the ministry will contact the authorities responsible for production in the foreign country, and in cooperation with them, and through bilateral technical and economic agreements, or through various contacts, and will undertake to deal with these cases and correct the circumstances so as to put them in harmony with the needs of the Saudi market. As an example of that, Japanese cars exported to the kingdom did not have all the equipment stipulated for Japanese cars exported to the American market. As a result of contacts with the authorities responsible, cars imported into the kingdom as of July 1979 were equipped with the same features as those exported to the American market. Moreover, the Saudi Arabian Board of Standards and Measures has prepared the Saudi specifications required in this regard.

3. Some goods are produced in several varieties, and their specifications and standard of quality vary from one type to another. We might find one excellent type, one first rate and one second rate. Some importers, looking for more material gain, contract for the inferior kinds. Therefore the better brand is seen in the markets of a foreign country, but not seen locally. Here is where the role of awareness comes in: awareness on the part of the importer, the Chamber of Commerce and the consumer. The ministry is trying to deepen the citizens' understanding through the media.

[Question] What is the Chamber of Commerce's role in the import and export process, and is there cooperation between it and the citizen merchant?

[Answer] The chambers of commerce and industry, as is well known, are non-profit organizations, which represent, with the circle of their competence, business and industrial interests with the public authorities, and which work to protect and develop them. The private sector encourages imports and exports, in light of the rules and regulations. The role of the chamber is complimentary to the role of the merchant and the ministry. In cooperation with the ministry, it assumes coordination with the merchant for the purpose of providing the kingdom's commodity needs. It guides the merchants to the most important countries and areas from which they will import or to which they will export their goods. It provides them with information to assist them in determining sources of imports, in cooperation with the ministry. It also hosts commercial delegations, introduces the merchant to them, and sends its representatives to international fairs, to participate in order to make better contacts with the manufacturing firms. In cooperation with the authorities concerned, it holds trade fairs in the kingdom, in order to facilitate the mission of foreign firms and foreign exporters to exhibit samples of their products and to introduce the Saudi merchant to them.

Cooperation between the chambers of commerce and the citizen does in fact exist. The services that they offer interest a large segment of the citizenry. They only exist to offer services to merchants and other groups of citizens whose business is connected with them.

[Question] Two months ago, a decree was issued increasing the licensing fee, in the chambers of commerce, from 5 to 50 riyals. In our opinion, the increase is exorbitant, especially since our chambers of commerce are among the richest

in the world, and it was assumed that the licensing fee would continue to be symbolic. What is your view?

[Answer] Before the executive regulation to the chambers' bylaws was issued in 1981, which standardized the licensing fee at 50 riyals, the chambers demanded very much higher fees for some licenses, except for the fee for participation in the chamber, which varied from board to board and fluctuated from 5 to 30 riyals. The other licensing fees were not specifically controlled, and the authorities participating in drawing up the regulation felt it best to unify the fees, which would support the chambers of commerce revenues, which are limited and consequently, eliminate disputes which usually occur between the chambers and some of their members over the setting of licensing fees for certain entries and documents, which form the most important source of the chambers' income.

It became clear to the ministry, while drafting the regulation with respect to the chambers' budgets, that most of the chambers of commerce and industry in the kingdom, especially those established recently, have inadequate incomes for the obligations they are committed to. Consequently, this limits them in offering the services required of them according to the charters. The authorities concerned with drawing up the regulation decided that unifying the licensing fees probably would help to improve their situation and to meet their growing responsibilities in accordance with the business growth movement. The fee does not represent a burden or a cost to the merchant or importer, since these fees are returned to him through the services that the chamber offers him.

[Question] You recently issued an order banning firms and organizations from exercising any form of speculation in gold and silver in local or foreign markets. What are the justifications for the decision, the circumstances that compelled it, and the expected impact on the gold and silver market?

[Answer] This ministry has noted some firms and organizations in the kingdom advertising speculative activities, in gold and silver, in foreign markets and international stock exchanges. These advertisements use various ways to propagandize and promote these speculations, in order to make the citizens want to take part in them, usually the lure of making a fast profit.

Out of concern for the interest of the citizenry, this ministry in participation with the Ministry of Finance and National Economy, hastened to study the matter from various angles, since it was clear that the speculation in gold and silver, in this fashion, was without these metals being in circulation, and that it did not constitute trade in the accepted sense, as much as it represented a risk with unknown results, in view of the great fluctuations in the prices of these commodities. For the most part, this would damage our citizens' interests, apart from exposing them to deception, fraud and trickery, and it does nothing for the interests of the national economy as well.

Accordingly the order was issued banning firms and organization from conducting speculative activities in gold and silver, in both foreign and domestic markets. It also bans the registration of any business agency of a foreign firm or organization that deals in these matters.

Banks whose activities include such operations as this were exempted from the ban, since these banks are subjected to supervision and control by the Saudi Arabian Monetary Agency to ensure that the citizens' interests are protected.

Moreover, this ban did not put any restrictions on the activities of individuals in the buying and selling of precious metals in the local or foreign markets, since these are commodities in circulation just like other goods.

Therefore, this order has had no effect on gold and silver prices in the kingdom's market; its only effect was to protect the people from speculation, which is difficult to control and which could expose them to deception and fraud.

[Question] We support the order that you recently issued limiting registration in commercial registers solely to commercial businesses. However, we would like to know the reasons for delaying promulgation of this order and will it be applied retroactively?

[Answer] Delaying this order is due to the ministry's desire to study the various professions and activities, the practice of which cannot be considered commercial activity and to study conditions prior to their registration and whether the activities that they practice are in fact non-commercial. When we enumerate these professions and study the conditions of their registration, then the order will be issued. With regard to its application, the ministry is currently compiling a comprehensive list of those who were previously registered, and the records of individual organizations will be amended, which will achieve the deletion of these activities or the erasure of a record, in the event this organization's activities are confined to those that are considered non-commercial.

[Question] What is your assessment of our hotel services? Do you feel that they have reached the desired level, and does the ministry have control over these hotels?

[Answer] There has been considerable improvement in hotel services. For the past 5 years, the kingdom has had first-rate hotels. The hotel services offered to the guests has also significantly improved. All hotels must adhere to the pricing determined for them, and the rate of violations of hotel regulations has dropped considerably from what it was. The ministry does all it can to elevate the hotel industry to the desired level. The bureau of hotels and the ministry's branches keep an eye on hotel establishments and cooperate with those in charge of them, in order to develop their services. It also organizes inspection tours of the hotels and checks for various violations and transgressions. My hope is that the ministry's efforts will lead to getting the hotels to the required level, since they represent the show window of the kingdom's guests and reflect a true picture of the country's progress, traditions and principles, stemming from its lofty creed.

[Question] In a study prepared by the Riyadh Chamber of Commerce, it was clear that there was a significant disparity in the prices of a single commodity in our markets. What is the underlying reaons for that, and to what extent does this disparity reach?

[Answer] The price disparity of a single, similar item is due to several market conditions, including the following:

1. A difference in purchase or import price, according to the size of the deal or to the difference in sources of purchase or business methods among the importers and the production firms. Sometimes it is because of changes in foreign currency rates.
2. Differences in shipping and internal transportation costs, since the cost of maritime shipping differs from air or land transportation.
3. Differences in administrative expenditures from one place to another, especially rent which varies from one location to another.
4. Differences in the kind of service after purchase or in sales costs from one place to another.

The reasons for the disparity might be invalid and have no justification. For example:

1. The merchant's desire for quick wealth, which causes him to be dissatisfied with a reasonable profit. This is a behavioral factor that varies from merchant to merchant.
2. A reduction in the volume of sales, due to the merchant's incompetence or that of his sales organization, which causes him to inflate the profits in order to cover his expenses, out of a belief that that will help him to avoid losses. He does not realize that this method will expose him to even more losses, as a result of the consumers' avoidance of him,
3. The merchant's lack of knowledge regarding other merchants' prices.

As for the limits of this disparity, there is a difference in production disparity for several reasons, such as the difference in purchase price or import cost, which are usually quite small and should not be allowed to continue. Regarding disparity in production prices due to incorrect reasons and not being content with a reasonable profit, these practices can be controlled by the Public Consumer Protection Office, with the cooperation of consumers, by keeping a watch on markets and goods.

In this regard, I have not failed to notice that I keep concentrating on the importance of the role of consumer awareness in putting an end to these disparities. If the consumer made a little effort in his marketing to learn the price of a commodity at more than one place before buying, he would obtain that product at the best price and would force the merchant who sells at higher prices than others to lower his prices to the level prevailing in the market. Thereby, competition would be achieved and the interests of the consumer protected.

Question] What role can the citizen play, and do you see him participating in serving the ministry's goals?

[Answer] This ministry is a ministry of services, programs and projects that affects the citizen in his daily life. The extent that the citizen cooperates with it is the extent that its goals will be achieved. The citizen is the importer of goods, he markets them and he consumes them. If the citizen cooperates with the ministry, it can achieve the satisfaction of his needs, at reasonable prices, and apply the commercial regulations and supply policy principles. When the citizen is concerned about applying the regulations that the ministry tries to enforce, he becomes an inspector over himself and others, and thereby embodies the ideal concept of the virtuous citizen. We stress the importance of citizen cooperation with the ministry in everything pertaining to its responsibilities. We hope that the citizenry will cooperate fully with its officials, and will report every violation whether it is commercial fraud or a violation of the pricing regulations or a violation of the various business regulations.

We are happy to receive citizens' reports and complaints, and in response to the citizens, we hope to achieve for them and with them the desired goals.

[Question] The ministry is accused of being too lenient with merchants who import foodstuffs, in the sense that some foodstuffs reach port and are spoiled or at the end of the usability? What is your view?

[Answer] This is not true. Even with the possibility of some foodstuffs arriving spoiled, we of course would not allow their entry and they could not receive a customs permit. Whatever the case, it is unhealthy.

[Question] What is your view about spoiled foodstuffs offered for sale in the markets, and who do you think bears the responsibility for safeguarding the quality of these products?

[Answer] The fact is that bad storage conditions are the chief cause of food spoilage before the expiration of the serviceability date. I believe that the responsibility for that must be borne by the municipalities, which must control and prepare storage facilities. This is in addition to the need for merchants themselves to cooperate and to show concern over this matter.

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